

## **Notice of a public meeting of Audit & Governance Committee**

- To:** Councillors Cannon (Chair), Steward (Vice-Chair), Lisle, Cuthbertson, Kramm, Williams and Mason, Mr Mann and Mr Mendus (Independent Members)
- Date:** Wednesday, 19 September 2018
- Time:** 5.30 pm
- Venue:** The George Hudson Board Room - 1st Floor West Offices (F045)

### **AGENDA**

#### **1. Declarations of Interest**

At this point in the meeting, Members are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they might have in respect of business on this agenda.

#### **2. Public Participation**

It is at this point in the meeting that members of the public who have registered their wish to speak can do so. The deadline for registering is by **5:00pm on Tuesday 18 September 2017**. To register please contact the Democracy Officer for the meeting, on the details at the foot of this agenda.

## **Filming, Recording or Webcasting Meetings**

Please note that, subject to available resources, this meeting will be filmed and webcast, or recorded, including any registered public speakers who have given their permission. This broadcast can be viewed at: <http://www.york.gov.uk/webcasts>.

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The Council's protocol on Webcasting, Filming & Recording of Meetings ensures that these practices are carried out in a manner both respectful to the conduct of the meeting and all those present. It can be viewed at:

[http://www.york.gov.uk/download/downloads/id/11406/protocol\\_for\\_webcasting\\_filming\\_and\\_recording\\_of\\_council\\_meetings\\_20160809.pdf](http://www.york.gov.uk/download/downloads/id/11406/protocol_for_webcasting_filming_and_recording_of_council_meetings_20160809.pdf)

### **3. Minutes (Pages 1 - 20)**

To approve and sign the minutes of the Audit & Governance Committee meetings held on 20 June and 26 July 2018.

### **4. Mazars Audit Completion Report (Pages 21 - 34)**

The paper attached at Annex A from Mazars, the Council's external auditors, summarises the outcome of their audit of the Council's 2017/18 annual accounts and their work on the value for money conclusion.

### **5. Key Corporate Risks Monitor (incl KCR4 - Changing Demographics) (Pages 35 - 66)**

This report presents Members with an update on the key corporate risks (KCRs) for City of York Council (CYC).

### **6. Internal Audit Follow Up Report (Pages 67 - 74)**

This is the regular six monthly report to the committee setting out progress made by council departments in implementing actions agreed as part of internal audit work.

**7. Audit & Counter Fraud Monitoring Report (Pages 75 - 98)**

This report provides an update on progress made in delivering the internal audit workplan for 2018/19 and on current counter fraud activity.

**8. Information Governance & Complaints (Pages 99 - 116)**

This report provides Members with updates in respect of:

- Information governance performance
- General Data Protection Regulation (GDPR) and Data Protection Act 2018
- NHS Digital Information Governance toolkit – annual assessment
- NHS Digital audit
- Complaints

**9. Forward Plan (Pages 117 - 124)**

Members are asked to consider the future plan of reports expected to be presented to the Committee during the forthcoming year to July 2019.

**10. Urgent Business**

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Laura Clark

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For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

**This information can be provided in your own language.**

**我們也用您們的語言提供這個信息 (Cantonese)**

**এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)**

**Ta informacja może być dostarczona w twoim własnym języku. (Polish)**

**Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)**

**یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جا سکتی ہیں۔ (Urdu)**

** (01904) 551550**

City of York Council

Committee Minutes

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Meeting	Audit & Governance Committee
Date	20 June 2018
Present	Councillors Steward (Vice-Chair), Lisle, Kramm, Williams, Mason, Cannon (Substitute for Councillor Derbyshire) and Reid (Substitute for Councillor Cuthbertson) Mr Mann And Mr Mendus (Independent Members)
Apologies	Councillors Derbyshire and Cuthbertson

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*[As amended at the meeting of 26 July 2018]*

#### **1. Declarations of Interest**

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on the agenda. None were declared.

#### **2. Exclusion of Press and Public**

Members considered the exclusion of the press and public from the meeting during consideration of Exempt Annex A to Agenda Item 5 as it contained information:

- relating to individuals;
- which was likely to reveal the identity of individuals;
- relating to consultations or negotiations, or contemplated consultations or negotiations, in connection with labour relations matters arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority; and
- in respect of which a claim to legal professional privilege could be maintained in legal proceedings

Resolved: To exclude the press and public during consideration of Exempt Annex A to Agenda Item 5.

Reason: This information is classed as exempt under paragraphs 1,2,4 and of Schedule 12A to Section

100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

### 3. **Public Participation**

It was reported that there had been three registrations to speak at the meeting under the Council's Public Participation scheme, however the Chair advised that two of those had since withdrawn.

Honorary Alderman Brian Watson spoke on item 5 – Observations and Learning from the LGA Review. He stated he felt it was in the public interest that this item be considered in public. He also stated that when the report spoke of heritage governance issues and transparency, these issues should be highlighted as something the Council was failing to address. He reminded Members that they had a duty to the public they serve and that therefore Officers' advice to Members should be made public.

### 4. **Minutes**

Councillor Kramm brought to the meeting a list of amendments to the minutes dated 30 April 2018. He stated he had circulated these prior to the meeting. However, as not all Members had seen the email, and the amendments were lengthy, it was agreed they should be brought to a future meeting when all Members had been given time to fully consider his amendments.

The Deputy Monitoring Officer ~~reminded Members~~ *stated* that minutes were brought to the Committee to approve them as an accurate record of a meeting. Therefore, amendments should be to correct factual inaccuracies, rather than to expand on the content.

The Chair stated that ~~he felt~~ the suggested additions added to the accuracy of the minutes.

Resolved: That the minutes of the meeting held on 30 April be added to the next available agenda for consideration.

**5. Observations and Learning from the LGA Review Into the Conduct of the Audit and Governance Committee on 22nd February 2017**

Members considered a report presenting recommendations contained in the LGA procured report that related to Audit & Governance Committee.

The Chief Executive attended the meeting to present the report and answer questions from the Committee.

In response to Member questions the Chief Executive stated that she had been at City of York Council for less than two years and was unsure as to whether Members had previously been asked to sign a confidentiality undertaking. As she had not been involved with the Staffing Matters and Urgency Committee which considered the report she was also unable to advise Members as to whether they had signed an undertaking. She clarified that she had received ~~external~~ advice from three sources on the legality of the confidentiality undertaking.

The Deputy Monitoring Officer reminded Members at this point that they would need to move into private session if they wished to discuss this legal advice in detail. She explained to members that, although they had already signed the Member Code of Conduct, that the confidentiality undertaking was a further safeguarding measure. This was not intended to question the integrity of Members, but rather to demonstrate their commitment to keep this information confidential.

In response to Member questions the Deputy Monitoring Officer stated that:

- All but three Members of the Committee had signed the confidentiality undertaking;
- The confidentiality undertaking was put in place to enable the Chief Executive to allow Members to access the exempt information ahead of the meeting.
- Those three Members who had not signed the confidentiality undertaking would still be allowed to access the exempt information at the meeting, if it moved into private session; and

- All Members would be ~~expected~~ *required* to return the exempt information to the Democracy Officer at the end of the meeting.

*Following advice from the Deputy Monitoring Officer* ~~At this point in the meeting~~ it was agreed to exclude the press and public and move into private session *at this point, to allow all Members to consider the confidential legal advice.*

Councillor Rawlings made the Chair and Chief Executive aware of his wish to remain in the room during the private session, as Shadow Executive member for Economic Development and Community and Engagement, which was the portfolio covering governance. *After a short recess, where she took advice from the Deputy Monitoring Officer, the Chief Executive advised Councillor Rawlings he would have that, following the advice she had been given, she had made the decision to exclude him from to leave the meeting as he was not a Member of the Audit and Governance Committee, and had not demonstrated a need to know the exempt information in order to carry out his duties as a Councillor. He was therefore not entitled to access the exempt information. She also stated that letting Councillor Rawlings stay would change the political balance of the meeting. The Chair commented that he would have allowed Councillor Rawlings to remain in the meeting.*

The Chair (Councillor Steward – Vice Chair), Councillor Lisle and Councillor Kramm stated that they would not take the confidential annex from Officers as they would have to hand this back in at the end of the meeting, which they said was not usual procedure. They also reiterated their feeling that a confidentiality undertaking was unnecessary, as they had already signed the Member Code of Conduct. *Finally they stated that they would not have long enough to read the report, given that usual practice was to provide papers 5 days working days before the meeting.* At this point in the meeting they left the table. Councillors Steward and Lisle chose to remain in the public gallery and Councillor Kramm left the meeting.

The remaining Committee Members nominated Councillor Williams as Chair for the remainder of the meeting.

Councillor Reid moved to adjourn the meeting and Councillor Mason seconded this motion. On being put to the vote this motion fell, with the Chair using his casting vote.



The Chief Executive verbally updated the report to amend the references to the 'LGA report' to instead refer to the 'LGA procured report'. This was to clarify that a consultant solicitor had been procured by the Local Government Association (LGA) to undertake the work.

The Chief Executive then presented the report, seeking additional comments from the Committee to those already proposed as a result of the learning from the LGA procured report. *The Chief Executive explained that only the recommendations contained in the public report could be dealt with by this committee, as the recommendations in the exempt annex had all been dealt with via other processes and were provided as background information only.*

The covering report proposed:

- a) That both the Chair and Vice Chair of the Audit and Governance Committee are offered briefings prior to each committee meeting. It is recommended that these are mandatory.
- b) That, whilst Chair training is covered within the new Councillor induction, it is recommended that focused Chair training to Chair and Vice Chairs be provided as soon as possible, including bespoke training around data protection and confidential privilege.
- c) That care is taken to ensure a room is of sufficient size for meetings and fit for purpose.
- d) That it be clarified that security staff are present to facilitate movement of the public within the building where a higher level of public attendance is anticipated.
- e) The report highlighted that a professional working relationship between Officers and Members based on mutual trust and respect is crucial to the good governance of the Council. Officers provide advice and guidance to Members on issues, and it is for Members to make decisions having regard to that advice, acting reasonably and within the law for the benefit of the communities they serve. The Staffing Matters and Urgency Committee recommended a cross party working group, via Group

Leaders, be established to build on ensuring the organisational culture promotes a strong professional relationship of trust and confidence.

The report also explained that Officers commit to the organisational culture of transparency, but there are times when there are legitimate reasons to keep matters confidential in the public interest. At times a balanced judgement must be made about whether the disclosure of information is in the public interest. Some decisions are finely balanced, and require Members to consider advice received, when applying public interest tests.

Members considered and debated the report, together with the exempt information.

Members agreed that briefings prior to committee meetings for the Chair and Vice Chair were beneficial, but that these should be diarised and made available to Members, to be used where appropriate, rather than be made mandatory.

Members considered that further training, in addition to the Chair training in the new Councillor induction would be beneficial to provide a refresh, particularly as new Members may not be tasked with chairing a committee for some time. Members recommended that a programme of training be made available for all Chairs and Vice Chairs. This could include the role of Chair and Vice Chair, management of committee procedures, exempt information and confidential information, GDPR and the legal scope of access to information for Members.

Members also considered that, in order to build further confidence, the Chief Executive could consider making presentational skills training available to all Officers who attend committee meetings as part of their role.

Members agreed that careful management of room bookings and security for visitors is currently in place, and should continue to be monitored.

Members also debated the appropriate forum in which to consider reviewing the Council's constitution, as it was felt this may assist in providing clarity in its construction. It was agreed that the Customer and Corporate Services Scrutiny

Management Committee (CSMC) was the correct forum to consider this, rather than Audit and Governance Committee. This could be undertaken in liaison with Joint Standards Committee, who had already programmed a review of the Member/Staff protocol found within the Constitution.

Members agreed that this was an opportunity for looking forward in relation to strengthening professional relationships between Members of this Committee and Officers, and noted the Chief Executive's comments at paragraphs 20 and 21 of the Committee report.

Resolved: That the following recommendations for improvement are made:

- a) Briefings for Chairs and Vice Chairs of committees be diarised and attended as appropriate, but not be mandatory;
- b) A programme of training be made available for all Chairs and Vice Chairs, which may include the role of the Chair, management of committee procedures, exempt information and confidential information, GDPR and the legal scope of access to information for Members;
- c) The Chief Executive considers making presentational skills training available to all Officers who attend committee meetings a part of their role; and
- d) That consideration be given to Customer and Corporate Services Scrutiny Management Committee reviewing the constitution, to provide clarity on its construction. This could be undertaken in liaison with Joint Standards Committee; it having already programmed a review of the Member/Staff protocol.

Reason: In order that the observations and learning from the LGA procured report and the response from Officers be taken forward.

*Councillor Steward, Vice Chair in the Chair*  
*Councillor Williams, Committee Member in the Chair during*  
*private session*  
[The meeting started at 5.30pm and ended at 8.50pm]

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Meeting	Audit & Governance Committee
Date	26 July 2018
Present	Councillors Cannon (Chair), Steward (Vice-Chair), Lisle, Cuthbertson, Kramm, Williams and Mason
Apologies	Mr Mann and Mr Mendus (Independent Members)

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### 15. **Declarations of Interest**

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on the agenda. None were declared.

### 16. **Public Participation**

It was reported that there had been six registrations to speak at the meeting under the Council's Public Participation Scheme.

Councillor Rawlings spoke in relation to the meeting held on 20 June, where he made a request to remain in the room after the exclusion of press and public. He stated that he had a legal right to remain in the room if he could demonstrate a 'need to know' in relation to his role, which he felt he could as the Shadow Member for Economic Development & Community Engagement, which included responsibility for governance. He asked that the minutes be amended to reflect that when the Chief Executive refused this request, she also stated that his presence would alter the political balance of the meeting and that the Chair had stated he would have permitted him to remain in the room. He also queried the right of the Chief Executive to refuse this request. Finally, he stated that allowing the private session to take place with Members of only two political groups present did not demonstrate good governance.

Michael Hammill, a resident, spoke on legal action he had previously been advised was been taken against him in relation to defamation. He stated that he had recently received a letter from the Head of HR stating that no further action was being taken, but that he had not yet received an apology. Finally he

commented on the public lack of trust in CYC due to a perceived lack of openness and transparency, which he said had also been highlighted in the Local Government and Social Care Ombudsman's Annual Letter.

John Young, a resident, spoke on his concerns surrounding the Citizen's Audit. He stated that he had looked at CYC Open Data sets and, in doing so, had focused on accuracy, structure and data privacy, including appropriate redactions. He highlighted errors in cost centre codes and rationalisation and a high level of reversals. He also expressed his concerns over data breaches.

Matthew Laverack, a resident, told Members that he had not received a reply from CYC in response to a complaint regarding comments made to him at the Audit & Governance Meeting on 30 April 2018. He stated that it was his belief that minutes had been drafted in order to dilute public speakers' criticism of senior staff. He also felt that there was no longer any public confidence in openness and transparency as reports into senior staff conduct had not been made public. Finally he expressed his determination to continue participating in public meetings, despite new rules which may be put in place to make this more difficult.

Gwen Swinburn, a resident, firstly spoke on her concerns that as the Chief Executive was a key participant in the A&G Meeting of 20 April, and the subject of complaints within that report, it was a conflict of interest for her to act as chief advisor to the Committee. She then stated that, in ejecting Councillor Rawlings from the meeting of 20 June, the Chief Executive had exceeded her powers. Finally she expressed her view that it was not acceptable that responsibility for a rewrite of the constitution had been removed from the Audit & Governance committee and given to the Customer & Corporate Services Scrutiny Management Committee and that this decision should not be allowed to stand.

Brian Watson, Honorary Alderman and resident, spoke on the minutes of the Audit & Governance Committee meeting held on 20 June 2018. He pointed out the importance of the LGA procured report being made public. He also discussed the recommendations made by the committee at that meeting. He stated that briefings for Chairs should be mandatory, training for Chairs and Vice Chairs should be compulsory and expressed

his disappointment that none of the recommendations made were positive.

## 17. Minutes

Members considered minutes of the meetings held on 30 April, 20 June and 27 June.

In respect of the minutes of the meeting held on 30 April Members requested that the following amendments be made:

- Minute item 66.

Para1 - to add the sentence:

*'The Chair advised all public speakers that they should avoid saying anything defamatory or discriminatory, anything that constitute a personal attack on an officer or anything that discloses confidential or exempt information including personal information.'*

Para 2 - to read: *'...of the Audit & Governance Committee on 22 February 2017 and asked for a full public disclosure of the report. He also raised further concerns in relation to historic procurement issues, which in his opinion have not been properly clarified and resolved.'*

Para 3 - to read: *'...not dealt with properly and that residents' emails and social media communication have been blocked on social media. From his point of view residents with legitimate concerns are vilified and claims of defamation or discrimination are wrongly brought up. He also stressed that historic issues can and should be revisited by councillors until completely resolved.'*

Para 4 - to read: *'...transparency issues and his feeling that it has been attempted to scare him off with legal threats of defamation and discrimination. He stated that residents should have a right to question the Council and urged the Committee to deal with these issues. He also raised concerns of the council funding legal advice on officer's personal reputation claims.'*

Para 5 - to add the sentence:

*'He also raised a potential conflict between sessions in private and the rights of all members of the council to stay in meetings after press and public are excluded.'*

- Minute Item 67 (to become Minute Item 68).

Para 2 – To read: *'The committee also noted It was also suggested by Members that this report should be referred to ask the Walker Report after the consultant who wrote it. renamed ahead of the next meeting as They did not consider this an LGA report as Ms Linda Walker had only been asked by the LGA after being asked by the Council's Chief Executive to carry out the investigation'*.

Resolved – To add the sentence:

*'A special meeting of the Audit and Governance Committee to be convened as soon as possible, where the report can be considered by the committee in private session'*.

In respect of the minutes of the meeting held on 20 June Members requested that the following amendments be made:

- Minute Item 4.

Para 2 – Remove the phrase *'reminded Members'* and replace with *'stated'*.

Para 3 – Remove *'he felt'*

- Minute Item 5.

Para 5, Bullet 4 - Remove the word *'expected'* and replace with *'required'*.

Para 6 – To read: *Following advice from the Deputy Monitoring Officer At this point in the meeting it was agreed to exclude the press and public and move into private session at this point, to allow all Members to consider the confidential legal advice.*

Para 7 – To read: *'...After a short recess, where she took advice from the Deputy Monitoring Officer, the Chief*



Executive advised Councillor Rawlings ~~he would have that, following the advice she had been given, she had made the decision to exclude him from to leave~~ the meeting as he was not a Member of the Audit and Governance Committee, and had not demonstrated a need to know the exempt information in order to carry out his duties as a Councillor. He was therefore not entitled to access the exempt information. *She also stated that letting Councillor Rawlings stay would change the political balance of the meeting. The Chair commented that he would have allowed Councillor Rawlings to remain in the meeting.*

Para 8 – To add the sentence:

*‘Finally they stated that they would not have long enough to read the report, given that usual practice was to provide papers 5 days working days before the meeting’.*

Para 11 – To add the sentence:

*‘The Chief Executive explained that only the recommendations contained in the public report could be dealt with by this committee, as the recommendations in the exempt annex had all been dealt with via other processes and were provided as background information only’.*

Signature Block to read:

*Councillor Steward, Vice Chair in the Chair  
Councillor Williams, Committee Member in the Chair  
during private session*

[The meeting started at 5.30pm and ended at 8.50pm]

Members also asked that clarification was sought from the Chief Executive and Deputy Monitoring Officer on the following points:

1. When was the last time, if ever, that Councillors at CYC had been asked to sign a confidentiality undertaking?
2. How many of the three sources of legal advice the Chief Executive received were external?
3. Councillors Lisle and Steward stated that, during the private session on 20 June, the Chief Executive agreed to publish the recommendations in the LGA report in their

entirety. The Committee agreed the Chief Executive should be asked why this had not happened.

Resolved: That;

1. The minutes of the meeting held on 30 April be approved and then signed by the Chair as a correct record, subject to the above amendments;
2. The minutes of the meeting held on 20 June be amended as requested and brought back to the next meeting for approval; and
3. The minutes of the meeting held on 27 June be approved and then signed by the Chair as a correct record.
4. The Democracy Officer seek clarification from the Chief Executive and DMO on the above points.

**18. Monitor 1 2018/19 - Key Corporate Risks**

Members considered a report that presented an update on the key corporate risks (KCRs) for City of York Council, including a detailed analysis of KCR3 (Effective and Strong Partnerships).

The Finance & Procurement Manager and Head of Corporate Strategy and City Partnerships attended the meeting to present the report and answer Member questions. They stated that there were no substantial changes to report.

In relation to KCR3 (Effective and Strong Partnerships) Officers stated that a risk would be to not effectively manage partnerships across the City. A focus within the Council at this time was the quality and nature of relationships with other organisations. It was important to retain flexibility and to ensure the correct level of dialogue and to understand the challenges facing partner organisations.

In response to Member questions they stated:

- In situations, such as the York Central Partnership, where the Council had more than one role, conflict of interest was always a risk, however governance arrangements were in place and conflicts would therefore be identified. There would be clarity of roles as part of any formal board being set up. It was also highlighted that the function of the 'planning authority' was totally separate and planning decisions were always made in isolation;
- The report contained a random selection of partnerships;
- The Creating Resilient Communities Working Group (CRCWG) was an internal group which met every two months. It was made up of a cross section of Officers from across the Council who were involved in the design and delivery of services which interact with communities. The group was an opportunity for Officers to work in tandem for the benefit of residents;
- Conversations with partners happened regularly, but not always in a formal way;
- The new Safeguarding Partnership arrangement which had replaced the Safeguarding Children Board was not a formal arrangement, however each partner still had statutory safeguarding responsibilities which should mitigate risk; and
- In terms of the Health and Care Place Based Improvement Partnership it was still early days and so far there had only been two meetings. The published CQC action plan was there to drive improvements, but the important question for the board was how it would ensure actions were driven forward

Members also highlighted the following issues:

- That when Members sat on an outside board as a Director, it should be clear that they were not representing the Council, they were attending meetings as a member of that board;
- That some of the things listed in the report as risks – for example 'increased ethnic diversity' and 'popularity of universities' – were actually positives for the City and should be worded differently, or referred to as 'risks and uncertainties';
- Concern about a lack of statutory responsibility in relation to the move away from Local Safeguarding Children Boards; and

- A lack of transparency surrounding the Health and Wellbeing Board, particularly in relation to private discussions on public issues.

Resolved: That Members;

- a) considered and commented on the key corporate risks included at Annex A;
- b) considered and commented on the information provided in relation to KCR3 Effective and Strong Partnerships included at Annex B;
- c) note that the 2018/19 monitor 2 report will include a detailed analysis of KCR4 Changing Demographics; and

Reason: To provide assurance that the authority is effectively understanding and managing its key risks.

#### **19. Mazars Audit Completion Report**

Members considered a report from Mazars, the Council's external auditors, which communicated their findings of the audit for the year ended 31 March 2018. The Committee were also presented with a follow up letter which reported items identified since the agenda for this meeting was published.

Mazars auditors who attended the meeting explained that they were working to a much earlier timetable this year, and that the Council had met its new deadline of May, which was a significant achievement. The audit was still on track to meet the deadline.

They also stated that:

- Various issues and objections had been raised by members of the public during the accounts inspection process and they were currently deciding if any of these were valid objections which needed further consideration. They were clear however that there was nothing which would have a material impact on their opinion on the financial statement or value for money conclusion;
- In terms of significant risk there were no matters to report;

- In relation to internal control recommendations, an extensive check had been carried out and had found one instance of a Member failing to declare an interest as a Council appointed Director, and one instance of a Member failing to declare an unrelated Directorship; and
- For unadjusted mistakes there was one error of £20K, which came out to an extrapolated error of £889K;
- For adjusted mistakes there was one material adjustment relating to the Council's interest in Allerton Park where the auditors had challenged external accounting advice received by the Council, two further mistakes were misclassifications; and
- Mazars remained independent of the Council.

In response to Member questions they stated that:

- In relation to the £20K error under unadjusted mistakes, this was compared to the entire population of income/expenditure items over 4 months. This gave an estimate as to what the potential error would be and also satisfied them that there was no material error that would require more work. No adjustment was made to the accounts for this error, they would only intervene where there was a material error and the Council did not propose to make an adjustment.
- The fixed asset register error related to Cannon Lee Primary School playing field. The error had occurred when two lines on the asset register had not merged and was an isolated system input error.
- The difference between a third party income and a deferred income was a technical accounting adjustment and had no bearing on the net income the Council would receive.

The S151 Officer thanked auditors and CYC staff for their work in meeting such an early deadline. Members echoed his thanks.

Resolved: That Members note the matters set out in the Audit Completion Report presented by the external auditor.

Reason: To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the

council's arrangements for ensuring value for money.

**20. Final Statement of Accounts**

Members considered the final set of accounts for 2017/18 to reflect changes made since the draft pre-audit accounts were presented to the Committee on 27 June 2018.

The Finance & Procurement Manager and Technical Accountant attended the meeting to present the accounts and to answer Member questions. They stated that the Annual Governance Statement had been amended following the Committee's inspection of the draft accounts and had now been signed by the Leader and the Chief Executive.

In response to questions they stated that:

- Wording relating to the Local Government Pension Scheme and to the remuneration of elections staff working in a 'personal capacity' was provided for Officers, however this could be looked at ahead of next years accounts;
- Elections staff such as the Returning Officer were paid directly by central government and so was not a direct cost to the Council;
- In response to points made by a public speaker, a number of valid queries has been raised during the public accounts inspection process. Errors indentified were classification errors on cost centres and analysis levels and had been corrected. They mainly related to open data and did not change anything in the statement of accounts; and
- Corrections and reversals were not always mistakes, they often related to recodes and allocations of charges made across several areas and 14% was not an accurate error rate; and
- Work was always been undertaken to improve processes.

Resolved: That Members;

- a) Note the matters set out in the Audit Completion Report presented by the external auditor in the previous agenda item and summarised in this report; and

- b) Approve the amended Annual Financial Report at Annex A for signature by the chair from a resolution of this Committee in accordance with the Accounts and Audit Regulations 2015.

Reason:

- a) To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.
- b) To ensure compliance with the International Auditing Standards and relevant legislative requirements.

## **21. Information Governance and Complaints**

This report provided Members with updates in respect of:

- Information governance performance
- General Data Protection Regulation (GDPR) and Data Protection Act 2018
- NHS Digital Information Governance toolkit – annual assessment
- NHS Digital audit Complaints

Members requested that this item to be deferred until the next meeting of the Audit & Governance Committee as the report author had been unable to attend the meeting.

Resolved: That this item be deferred until the meeting on 19 September 2018.

Reason: To enable the report author to update Members on performance within Information Governance and Complaints.

## **22. Forward Plan**

Members considered the future plan of reports expected to be presented to the Committee during the forthcoming year to May 2019.

Members requested that the Information Governance and Complaints Report be added to the forward plan for September.

Resolved: That the forward plan for the period to May 2019 be agreed, subject to the above amendment.

Reason: To ensure the Committee receives regular reports in accordance with the functions of an effective audit committee

Councillor Cannon, Chair

[The meeting started at 5.30 pm and finished at 7.30 pm].





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**Audit and Governance Committee**

19 September 2018

Report of the Deputy Chief Executive/Director of Customer & Corporate Services

**Mazars Annual Audit Letter 2017/18****Summary**

1. The paper attached at Annex A from Mazars – the Council's external auditors – summarises the outcome of their audit of the Council's 2017/18 annual accounts and their work on the value for money conclusion.

**Background & Analysis**

2. The report covers:
  - a) Audit of financial statements
  - b) VFM Conclusion
  - c) Other reporting responsibilities
  - d) Fees

**Options**

3. Not relevant for the purpose of the report.

**Corporate Priorities**

4. The report contributes to the overall effectiveness of the Council's governance and assurance arrangements.

**Implications**

5. There are no financial, HR, equalities, legal, crime and disorder, IT or property implications arising from this report.

**Risk Management**

- 6. The Council will fail to comply with legislative and best practice requirements to provide for a proper audit of the Council if it does not consider this report.

**Recommendations**

- 7. Members are asked to:

- a) note the matters set out in the Annual Audit report presented by Mazar's;

Reason: To ensure Members are aware of Mazar's progress in delivering their responsibilities as external auditors.

**Contact Details**

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Manager  
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**Chief Officer Responsible for the report:**

Ian Floyd  
Deputy Chief Executive/Director of  
Customer & Corporate Services

**Report  
Approved**

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**Date** 19<sup>th</sup> Sep  
2018

**Wards Affected:** Not applicable

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**For further information please contact the author of the report**

**Annexes**

Annex A - Mazars Annual Audit Report

# Annual Audit Letter

City of York Council

Year ending 31 March 2018





## CONTENTS

1. Executive summary
2. Audit of the financial statements
3. Value for Money conclusion
4. Other reporting responsibilities
5. Our fees

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

# 1. EXECUTIVE SUMMARY

## Purpose of the Annual Audit Letter

Our Annual Audit Letter summarises the work we have undertaken as the auditor for City of York Council (the Council) for the year ended 31 March 2018. Although this letter is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

Area of responsibility	Summary
Audit of the financial statements	<p>Our auditor's report issued on 31 July 2018 included our opinion that the financial statements:</p> <ul style="list-style-type: none"> <li>▪ give a true and fair view of the Council's financial position as at 31 March 2018 and of its expenditure and income for the year then ended; and</li> <li>▪ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.</li> </ul>
Other information published alongside the audited financial statements	<p>Our auditor's report issued on the same date included our opinion that:</p> <ul style="list-style-type: none"> <li>▪ the other information in the Statement of Accounts is consistent with the audited financial statements.</li> </ul>
Value for Money conclusion	<p>Our auditor's report concluded that we are satisfied that in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.</p>
Reporting to the group auditor	<p>In line with group audit instructions issued by the NAO, on 31 July we reported to the group auditor in line with the requirements applicable to the Council's Whole of Government Accounts (WGA) return.</p>
Statutory reporting	<p>Our auditor's report confirmed that we did not use our powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council.</p> <p>We have received correspondence from local electors which we continue to consider before we can issue our certificate formally closing the audit for 2017/18.</p>

## 2. AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

Unqualified

### The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2018 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

### Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) due to the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements to the Audit and Governance Committee. We call this our trivial threshold.

The table below provides details of the materiality levels applied in the audit of the financial statements for the year ended 31 March 2018:

<b>Financial statement materiality</b>	Our financial statement materiality is based on 2% of Gross Revenue Expenditure.	£8.20m
<b>Trivial threshold</b>	Our trivial threshold is based on 3% of financial statement materiality.	£0.25m
<b>Specific materiality</b>	We have applied a lower level of materiality to the following areas of the accounts:	
	- Members' allowances and expenses	£0.13m
	- Senior officer remuneration	£0.005m
	- Exit packages	£0.16m

## 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Our response to significant risks

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Council's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Audit and Governance Committee within our Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

Identified significant risk	Our response	Our findings and conclusions
<p><b>Management override of controls</b> In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> <li>▪ accounting estimates impacting on amounts included in the financial statements;</li> <li>▪ consideration of identified significant transactions outside the normal course of business; and</li> <li>▪ journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</li> </ul>	<p>Our audit procedures have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to report, in relation to management override of control.</p>
<p><b>Valuation of property, plant and equipment</b> The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment (PPE), with the majority of property assets required to be carried at valuation. Due to the high degree of estimation uncertainty associated with these valuations, we have determined there is a significant risk in this area.</p>	<p>We have carried out a range of procedures designed to address the risk. These include:</p> <ul style="list-style-type: none"> <li>▪ assessing the skill, competence and experience of the Council's valuer;</li> <li>▪ considering the accuracy of source data used by the Council's valuer;</li> <li>▪ using our own valuation expert to provide information on regional valuation trends; and</li> <li>▪ testing the valuations of a sample of properties.</li> </ul>	<p>Our audit procedures have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to report, in relation to the valuation of PPE.</p>
<p><b>Valuation of the defined benefit liability</b> The Council's accounts contain material liabilities relating to the local government pension scheme. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>	<p>We have carried out a range of procedures designed to address the risk. These included:</p> <ul style="list-style-type: none"> <li>▪ assessing the skill, competence and experience of the Fund's actuary;</li> <li>▪ challenging the reasonableness of the assumptions used by the actuary as part of the annual IAS 19 valuation;</li> <li>▪ seeking assurance from the Fund's auditor in relation to asset valuations and other core elements of the IAS 19 valuation;</li> <li>▪ carrying out a range of substantive procedures on relevant information and cash flows used by the actuary as part of the annual IAS 19 valuation.</li> </ul>	<p>Our audit procedures have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to report, in relation to the valuation of the defined benefit liability.</p>



## 2. AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified the following deficiency in internal control as part of our audit.

#### Description of deficiency

#### Related party disclosures

We carried out a full check of officer and member interests in the year, including checks to Companies House records. We have noted two instances of members not declaring directorships in line with the Council's policies. Both of these occurred after the year end so do not relate to this year of account, but are still instances of non-compliance with Council policies by members. The circumstances are outlined below:

- One instance of a Councillor failing to declare an interest as a Council appointee Director of York BID; and
- One instance of a Councillor failing to declare an interest as a Director of a company which has no relationship to the Council.

We confirmed that there are no errors in the related party disclosures as a result of these missing declarations.

#### Potential effects

Failure to properly declare and disclose interests in related parties can erode public trust.

#### Recommendation

Members should be reminded again of the need to declare interests in line with the Council's policies.

#### Management response

As identified from a detailed review of all member interests, two issues have been identified. One relates to a Council appointment (as did the single member instance the previous year), so it is fully known and details clearly accessible on the internet, whilst another relates to a relatively new issue and the details have now been received mid July. Reminders are sent to members, twice this year and most recently on 28th June, and this will continue. Whilst these two instances are disappointing, the detailed review has also identified that fundamentally the system of member declarations works well as all other members interests were up to date. Ultimately it is for members to ensure that they have declared all relevant interests, however officers will continue to remind members regularly on this matter, and the matter will be discussed with the chair of Standards Committee.



### 3. VALUE FOR MONEY CONCLUSION

Value for Money conclusion	Unqualified
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#### Our approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making;
- Sustainable resource deployment;
- Working with partners and other third parties.

Our auditor's report, issued to the Council on 31 July 2018, stated that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Sub-criteria	Commentary	Arrangements in place?
<b>Informed decision making</b>	<p><b>Acting in the public interest, through demonstrating and applying the principles and values of sound governance</b></p> <p>The Council's internal auditor carries out an annual review of the effectiveness of the Council's system of internal control. In 2017/18 this was a 'substantial assurance' opinion.</p> <p>As those charged with governance, the Audit and Governance Committee is responsible for the oversight of the Council's governance framework. There have been a number of high-profile reports considered by the Committee over the last 18 months and on occasion the relationship between officers and members of the Committee has appeared strained.</p> <p><b>Reliable and timely financial reporting that supports the delivery of strategic priorities</b></p> <p>The Council has again delivered an outturn within budget in 2017/18. Financial forecasts are provided to senior officers and members on a quarterly basis, allowing for appropriate levels of scrutiny and challenge of the Council's financial performance and its ability to deliver strategic priorities.</p>	Yes

### 3. VALUE FOR MONEY CONCLUSION (CONTINUED)

Sub-criteria	Commentary	Arrangements in place?
<b>Sustainable resource deployment</b>	<p><b>Planning finances to support the sustainable delivery of strategic priorities and maintain statutory functions</b></p> <p>As we have reported consistently for a number of years, the Council has continued to respond to the challenges it faces in respect of reductions in central funding. Savings plans have been largely delivered and where individual savings have not been delivered, additional savings have been identified to compensate.</p> <p>The Council, like most local authorities, will face particular challenges in respect of expenditure on social care in the coming years but appears to be well placed to respond to these challenges.</p> <p>The Council's strategic plans, particularly those that will require capital investment, are forecast to lead to an increase in the Council's level of net external debt up to 2022/23. We believe the Council has arrangements in place to appropriately manage this while continuing to fund statutory services over the medium term.</p> <p><b>Managing and utilising assets effectively to support the delivery of strategic priorities</b></p> <p>The Council has made good progress in 2017/18 on its programmes to improve the return achieved from its relatively large investment property portfolio. In addition, third party income associated with the rental of space at West Offices has yielded planned net savings in 2017/18.</p>	Yes
<b>Working with partners and other third parties</b>	<p><b>Working with third parties effectively to deliver strategic priorities</b></p> <p>The local health economy in York has experienced significant strain in recent years and there is little indication that this situation will abate any time in the near future.</p> <p>The Council has a Better Care Fund arrangement in place with Vale of York Clinical Commissioning Group ('the CCG'). 2017/18 has seen a change in the governance arrangements for the Fund as well as the development of the Fund plan for the period 2017-2019 which was approved by NHS England following a national assurance and escalation process that saw the partners challenged on the plan.</p>	Yes

### 3. VALUE FOR MONEY CONCLUSION (CONTINUED)

Sub-criteria	Commentary	Arrangements in place?
	<p><b>Commissioning services effectively to support the delivery of strategic priorities</b></p> <p>We have considered the information in VFM profiles published by the Local Government Association, in relation to commissioning activity. These provide data that compares the Council's performance against a range of metrics with those of its statistical nearest neighbours or other comparative groups.</p> <p>Although there are variations in the costs within and between services, overall, the Council's performance against relevant metrics indicates that arrangements are in place to efficiently commission services when compared to its comparator group.</p>	Yes

#### Significant Value for Money risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate.

In our Audit Strategy Memorandum, we reported that we had not identified any significant Value for Money risks. We have subsequently refreshed our risk assessment and can confirm that this has not identified any significant Value for Money risks.

## 4. OTHER REPORTING RESPONSIBILITIES

Exercise of statutory reporting powers	No matters to report
Completion of group audit reporting requirements	Below testing threshold
Other information published alongside the audited financial statements	Consistent

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Council's external auditor. We set out below the context of these reporting responsibilities and our findings for each.

### Matters which we report by exception

The 2014 Act provides us with specific powers where matters come to our attention that, in our judgement, require reporting action to be taken. We have the power to:

- issue a report in the public interest;
- make a referral to the Secretary of State where we believe that a decision has led to, or would lead to, unlawful expenditure, or an action has been, or would be unlawful and likely to cause a loss or deficiency; and
- make written recommendations to the Council which must be responded to publically.

We have not exercised any of these statutory reporting powers at the date of publishing this report. We have received correspondence from local electors that we are currently considering. As we have not yet finalised our consideration of the matters brought to our attention we have not issued the certificate formally closing the 2017/18 audit.

### Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of the Council's consolidation data. We submitted this information to the NAO on 31 July 2018 and confirmed to them that the Council was below the thresholds requiring further testing to be undertaken.

### Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Council. In our opinion, the other information in the Statement of Accounts is consistent with the audited financial statements.

## 5. OUR FEES

### Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the Audit and Governance Committee in April 2018.

Having completed our work for the 2017/18 financial year, we can confirm that our final fees are as follows:

Area of work	2017/18 proposed fee	2017/18 final fee
Delivery of audit work under the NAO Code of Audit Practice	£101,607	£101,607
Certification of Housing Benefit Subsidy Claim	£11,415	£11,415

At the time of issuing this letter, we are yet to complete our work on matters brought to our attention by electors and certification of the Council's Housing Benefit Subsidy claim. As such, the final fees quoted above are subject to change.

### Fees for other work

Subsequent to the completion of our audit, we have been engaged by the Council to carry out two pieces of assurance work, as follows:

Area of assurance work	2016/17 fee	2017/18 indicative fee
Teachers' Pensions return	£5,000	£5,000
Homes England return	N/A	£2,500

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**Audit & Governance Committee**

19 September 2018

Report of the Deputy Chief Executive/ Director of Customer and Corporate Services

**Monitor 2 2018/19 - Key Corporate Risks****Summary**

1. The purpose of this report is to present Audit & Governance Committee (A&G) with an update on the key corporate risks (KCRs) for City of York Council (CYC), which is included at Annex A.
2. A detailed analysis of KCR4 (Changing Demographics) is included at Annex B.

**Background**

3. The role of A&G in relation to risk management covers three major areas;
  - Assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risk
  - Keeping up to date with the risk profile and effectiveness of risk management actions; and
  - Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management
4. Risks are usually identified in three ways at the Council;
  - A risk identification workshop to initiate and/or develop and refresh a risk register. The risks are continually reviewed through directorate management teams (DMT) sessions.
  - Risks are raised or escalated on an ad-hoc basis by any employee

- Risks are identified at DMT meetings
5. Due to the diversity of services provided, the risks faced by the authority are many and varied. The Council is unable to manage all risks at a corporate level and so the main focus is on the significant risks to the council's objectives, known as the key corporate risks (KCRs).
  6. The corporate risk register is held on a system called Magique. The non KCR risks are specific to the directorates and consist of both strategic and operational risk. Operational risks are those which affect day to day operations and underpin the directorate risk register. All operational risk owners are required to inform the risk officer of any updates.
  7. In addition to the current KCRs, in line with the policy, risks identified by any of the Directorates can be escalated to Council Management Team (CMT) for consideration as to whether they should be included as a KCR. KCRs are reported bi-annually to CMT.
  8. The Risk and Insurance Officer attends DMTs bi-annually to update directorate risks.

### **Key Corporate Risk (KCR) update**

9. There are currently 12 KCRs which are included at Annex A in further detail, alongside progress to addressing the risks.
10. In summary the key risks to the Council are:
  - KCR1 – Financial Pressures: The Council's increasing collaboration with partnership organisations and ongoing government funding cuts will continue to have an impact on Council services
  - KCR2 – Governance: Failure to ensure key governance frameworks are fit for purpose.
  - KCR3 – Effective and Strong Partnership: Failure to ensure governance and monitoring frameworks of partnership arrangements are fit for purpose to effectively deliver outcomes.
  - KCR4 – Changing Demographics: Inability to meet statutory deadlines due to changes in demographics
  - KCR5 – Safeguarding: A vulnerable child or adult with care and support needs is not protected from harm



- KCR6 – Health and Wellbeing: Failure of Health and Wellbeing Board to deliver outcomes, resulting in the health and wellbeing of communities being adversely affected.
- KCR7 – Capital Programme: Failure to deliver the Capital Programme, which includes high profile projects
- KCR8 - Local Plan: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding
- KCR9 – Communities: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.
- KCR10 – Workforce Capacity: Reduction in workforce/ capacity may lead to a risk in service delivery.
- KCR11 – External market conditions: Failure to deliver commissioned services due to external market conditions.
- KCR12 – Major Incidents: Failure to respond appropriately to major incidents.

11. Risks are scored at gross and net levels. The gross score assumes controls are in place such as minimum staffing levels or minimum statutory requirements. The net score will take into account any additional measures which are in place such as training or reporting. The risk scoring matrix is included at Annex C for reference.

12. The following matrix categorises the KCRs according to their net risk evaluation. To highlight changes in each during the last quarter, the number of risks as at the previous monitor are shown in brackets.

<b>Impact</b>					
Critical			5 (5)		
Major			6 (6)		
Moderate		1 (1)			
Minor					
Insignificant					
<b>Likelihood</b>	Remote	Unlikely	Possible	Probable	Highly Probable

13. By their very nature, the KCRs remain reasonably static with any movement generally being in further actions that are undertaken which strengthen the control of the risk further or

any change in the risk score. In summary, key points to note are as follows;

- New Risks- There are no new risks since the last monitor
- Increased Risks – no KCRs have increased their net risk score since the last monitor
- Removed Risks – no KCRs have been removed since the last monitor
- Reduced Risks – No KCRs have reduced their net risk score since the last monitor

### **Updates to KCR actions or controls since the last monitor report**

14. There are no new controls or actions included since the last monitor.

### **Options**

15. Not applicable.

### **Council Plan 2015 - 2019**

16. The effective consideration and management of risk within all of the council's business processes helps support achieving 'evidence based decision making' and aid the successful delivery of the three priorities.

### **Implications**

17. There are no further implications.

### **Risk Management**

18. In compliance with the council's Risk Management Strategy, there are no risks directly associated with the recommendations of this report. The activity resulting from this report will contribute to improving the council's internal control environment.

### **Recommendations**

19. Audit and Governance Committee are asked to:

- (a) consider and comment on the key corporate risks included at Annex A;
- (b) consider and comment on the information provided in relation to KCR4 Changing Demographics included at Annex B;
- (c) note that the 2018/19 Monitor 3 report will include a detailed analysis of KCR5 Safeguarding
- (d) provide feedback on any further information that they wish to see on future committee agendas

Reason: To provide assurance that the authority is effectively understanding and managing its key risks

### **Contact Details**

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#### **Chief Officer Responsible for the report:**

Ian Floyd  
Deputy Chief Executive/ Director of  
Customer & Corporate Services

**Report Approved ✓**

**Date** 06/09/18

**Wards Affected** All

### **Annexes**

A – Key Corporate Risk Register

B – Analysis of KCR4 Changing Demographics

C - Risk Scoring Matrix

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**ANNEX A  
KEY CORPORATE RISK REGISTER AT M1 2018**

**KCR 1 FINANCIAL PRESSURES: The ongoing government funding cuts will continue to have an impact on council services.** Over the course of the last 4 years there has been a substantial reduction in government grants leading to significant financial savings delivered. The council needs a structured and strategic approach to deliver the savings in order to ensure that any change to service provision is aligned to the council's key priorities. In addition other partner organisations are facing financial pressures that impact on the council.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Reduction in government grants leading to the necessity to make savings</p> <p>Increased service demand and costs (for example an aging population).</p> <p>Financial pressures on other partners that impact on the council</p>	<p>Potential major implications on service delivery</p> <p>Impacts on vulnerable people</p> <p>Spending exceeds available budget</p>	Probable	Major (20)	<p>Regular budget monitoring</p> <p>Effective medium term planning and forecasting</p> <p>Chief finance officer statutory assessment of balanced budget</p> <p>Regular communications on budget strategy and options with senior management and politicians</p> <p>Skilled and resourced finance and procurement service, supported by managers with financial awareness</p> <p>Efficiency Plan agreed by Executive June 2016</p> <p>Financial Strategy 2018/19 approved</p>	Possible	Moderate (14)	No change	Development of budget strategy for 2019-20 (Ian Floyd, 31/01/2019)

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M1 2018**

**KCR 2 GOVERNANCE: Failure to ensure key governance frameworks are fit for purpose.** With the current scale and pace of transformation taking place throughout the organisation it is now more important than ever that the council ensures that its key governance frameworks are strong particularly those around statutory compliance including information governance, transparency and health and safety.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Increased interactions in relation to FOIA and transparency</p> <p>Failure to comply with data protection and privacy legislation</p> <p>Serious breach of health and safety legislation</p> <p>Failure to comply with statutory obligations in respect of public safety</p>	<p>Increases in cases held or fines levied by Information Commissioner</p> <p>Failing to meet the legal timescales for responding to FOIA may result in reduced confidence in the council's ability to deal with FOIA and in turn, its openness and transparency</p> <p>Individuals will be at risk of committing criminal offences if they knowingly or recklessly breach the requirements of the GDPR legislation.</p> <p>Potential increased costs to the council if there are successful individual claims for compensation as a result of a breach of GDPR legislation.</p> <p>Impact on the end user/customer</p> <p>Public and staff safety may be put at risk</p> <p>Possible investigation by HSE</p> <p>Prohibition notices might be</p>	Probable	Major (20)	<p>Electronic Communication Policy</p> <p>IT security systems in place</p> <p>Governance, Risk and Assurance Group (GRAG)</p> <p>Ongoing Internal Audit review of information security</p> <p>Health and Safety monitoring</p> <p>Regular monitoring reports to Audit &amp; Governance committee and Executive Member decision sessions</p> <p>Open Data platform providing Freedom of Information (FOI) requested data</p> <p>Regular review of transparency code legislation and compliance</p> <p>Ongoing management of data architecture to provide de-personalised data to open data platform</p> <p>Public Protection Annual Control Strategy</p>	Possible	Major (19)	No change	<p>Ongoing Action - Health and Safety training programmes at all levels (Ian Floyd, 31/03/2019)</p> <p>Ongoing Action: regular review of internal audit reviews and recommendations (Ian Floyd 31/03/19)</p>

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M1 2018**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	<p>served preventing delivery of some services</p> <p>Prosecution with potential for imprisonment if Corporate Manslaughter</p> <p>Further incidents occur</p> <p>Adverse media/ social media coverage</p> <p>Reputational impact</p>			<p>Additional resource, training and improved processes to deal with FOIA requests</p> <p>Additional resource, training and improved processes to deal with the implementation of GDPR</p>				

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M1 2018**

**KCR 3 EFFECTIVE AND STRONG PARTNERSHIPS: Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes.** In order to continue to deliver good outcomes and services, the council will have to enter into partnerships with a multitude of different organisations whether they are public, third sector or commercial entities. The arrangements for partnership working need to be clear and understood by partners to ensure they deliver the best possible outcomes.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively monitor and manage partnerships</p> <p>Partner (especially NHS, Academies) financial pressures may affect outcomes for residents</p> <p>Unilateral decisions made by key partners may effect other partners' budgets or services</p>	<p>Key partnerships fail to deliver or break down</p> <p>Misalignment of organisations' ambitions and direction of travel</p> <p>Ability to deliver transformation priorities undermined</p> <p>Adverse impact on service delivery</p> <p>Funding implications</p> <p>Reputational impact</p>	Probable	Major (20)	<p>Account management approach to monitoring key partnerships</p> <p>Internal co-ordination such as Creating Resilient Communities Working Group (CRCWG)</p> <p>Reviewing working approach of Health and Wellbeing Board</p> <p>York Health and Care Place Based Improvement Partnership</p> <p>Safeguarding Board revised governance in place</p> <p>York Central Partnership</p>	Possible	Moderate (14)	No change	Ongoing action - Monitoring of controls (CMT, 31/03/2019)



**ANNEX A  
KEY CORPORATE RISK REGISTER AT M1 2018**

**KCR 4 CHANGING DEMOGRAPHICS: Inability to meet statutory duties due to changes in demographics.** York has a rapidly changing demographic in relation to both residents and business. This brings with it significant challenges particularly in the delivery of adult social care and children's services. There has also been significant inward migration and as such the council needs to ensure that community impacts are planned for and resourced.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Development and regeneration makes York more desirable and accessible to residents, students and business, resulting in increasing inward migration to York.</p> <p>An increase in the aging population requiring services from the council</p> <p>Increase in complexity of needs as people get older</p> <p>Increase in people living with dementia</p> <p>Increase in ethnic diversity</p> <p>Growing number of people with SEND or complex needs living into adulthood</p> <p>Demographic of workforce supply unable to meet workforce demand</p> <p>Failure to plan for the impact of a rapid change in demographics to front line service provision</p>	<p>Increased service demand from residents, including; statutory school placements, SEND, mental health, adult social care and environmental services (eg waste collection)</p> <p>Increased service demand in relation to business (eg Regulation, Planning)</p> <p>Impact of additional demands cause significant financial and delivery challenges, such as a rise in delayed discharges</p> <p>Reputational impact as these mainly impact high risk adult and children's social care service areas</p> <p>Unable to recruit workers in key service areas eg care workers</p>	Probable	Major (20)	<p>Place planning strategy to ensure adequate supply of school places</p> <p>DfE returns and school population reported every 6 months</p> <p>Local area working structures in frontline services, including Early intervention initiatives and better self-care</p> <p>Assessment and Care management review underway, to better manage adult social care demand on CYC</p> <p>Advice and Information Strategy underway, to provide residents with direct access to support and services, to better manage adult social care demand on CYC</p> <p>Investment in support brokerage work with NHS integrated commissioning</p> <p>Stakeholder and officer group, to create a more connected and integrated health and social care system.</p> <p>Officer caseload monitoring</p>	Possible	Major (19)	No change	<p>Ongoing Action - Ensure adequate supply of schools places (CYC Place Planning Strategy, Governance Structure) (Jon Stonehouse, 31/03/2019)</p> <p>Further redesign and implementation of new arrangements for early intervention and prevention (Jon Stonehouse, 31/12/2018)</p> <p>Assessment and care management Review (Martin Farran, 31/03/2019)</p> <p>Advice and Information Strategy and Action Plan (Martin Farran, 31/12/2018)</p> <p>Undertake a review to link the Local Plan and Major</p>

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M1 2018**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				Internal co-ordination such as Creating Resilient Communities Working Group (CRCWG)				development projects to demographic data to determine the impact on all CYC services, start date Dec 18 (CMT, 31/03/19)

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M1 2018**

**KCR 5 SAFEGUARDING: A vulnerable child or adult with care and support needs is not protected from harm.** Ensuring that vulnerable adults and children in the city are safe and protected is a key priority for the council. The individual, organisational and reputational implications of ineffective safeguarding practice are acute.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Failure to protect a child or vulnerable adult from death or serious harm (where service failure is a factor)	<p>Vulnerable person not protected</p> <p>Children's serious case review or lessons learned exercise</p> <p>Safeguarding adults review</p> <p>Reputational damage</p> <p>Serious security risk</p>	Probable	Major (20)	<p>Safeguarding sub groups</p> <p>Multi agency policies and procedures</p> <p>Specialist safeguarding cross sector training</p> <p>Quantitative and qualitative performance management</p> <p>Reporting and governance to lead Member, Chief Executive and Scrutiny</p> <p>Annual self assessment, peer challenge and regulation</p> <p>Audit by Veritau of Safeguarding Adults processes</p> <p>Children's and Adults Safeguarding Boards (LSCB &amp; ASB)</p> <p>Ongoing inspection preparation &amp; peer challenge</p> <p>National Prevent process</p> <p>DBS checks and re-checks</p> <p>Effectively resourced and well managed service</p> <p>Safeguarding Board annual plan</p>	Possible	Major (19)	No change	<p>New Children's Social Care records system (Jon Stonehouse, 30/09/2018)</p> <p>Ongoing action Safeguarding Board annual action plan 2019/20 (Martin Farran, 31/03/2019)</p>

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KEY CORPORATE RISK REGISTER AT M1 2018**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>2018/19 is approved</p> <p>Controls implemented from peer review action plan</p> <p>CORAG (Chief Officer Reference and Accountability Group) which brings together Chief Officers from relevant organisations in relation to safeguarding eg police, CYC</p> <p>Community Safety Plan 2017 to 2020 agreed by Executive 28 Sep 17</p> <p>Completed restructure of Children's social care services</p>				

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M1 2018**

**KCR 6 HEALTH AND WELLBEING: Failure of Health and Wellbeing Board to deliver outcomes, resulting in the health and wellbeing of communities being adversely affected.** The Council has the responsibility for the provision of public health services, which is a statutory requirement. The Health & Wellbeing Board, brings together local organisations to work in partnership to improve outcomes for the communities in which they work. Poor governance or financial pressures (partners or Council) may lead to failure to adequately perform these functions, resulting in the health and wellbeing of communities being adversely affected.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Outcomes may be difficult to evidence due to longevity</p> <p>Lack of resources: numbers and/or specialist skills</p> <p>Other Council priorities may result in less focus on Health and Wellbeing outcomes</p> <p>Failure to deliver Health and Wellbeing responsibilities</p> <p>Failure to integrate Public Health outcomes</p> <p>Reliance on partners outside of the council's control</p> <p>Partner (eg NHS) financial pressures may effect outcomes</p>	<p>Health and wellbeing of the community adversely affected</p> <p>Key objectives are not delivered</p> <p>Reputational damage</p>	Probable	Major (20)	<p>The Council have oversight of the Health and Wellbeing Board, which has ownership of the Joint Health and Wellbeing Strategy for 2017-2021 and is responsible for monitoring of outcomes through regular progress reports and a performance management framework.</p> <p>A governance structure is in place for delivery of the Joint Health and Wellbeing Strategy</p> <p>The Health and Wellbeing Board is responsible for producing a Joint Strategic Needs Assessment setting out the priorities for health and wellbeing which is regularly refreshed</p> <p>A Public Health Strategy which helps to embed the Health and Wellbeing Board priorities across all areas of the Council's business</p> <p>Embedding the One Planet York's better decision making tool into strategic planning and policy developments to evidence the consideration of potential health and wellbeing impacts.</p>	Possible	Moderate (14)	No change	<p>Development of a Public Health Strategy for 2018 to 2021 (Sharon Stoltz, 31/1/2019)</p> <p>The scope of the strategy has been widened to include key partners, particularly the Vale of York Clinical Commissioning Group. This will require further consultation and engagement and so, as a consequence, the timescale for completion of the strategy and obtaining approval has been changed.</p>

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KEY CORPORATE RISK REGISTER AT M1 2018**

**KCR 7 CAPITAL PROGRAMME: Failure to deliver the Capital Programme, which includes high profile projects.** The capital programme currently has a budget of £360m from 2018/19 to 2022/23. The schemes range in size and complexity but are currently looking to deliver two very high profile projects, the Community Stadium and York Central, which are key developments for the city.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Complex projects with inherent risks</p> <p>Large capital programme being managed with reduced resources across the Council</p>	<p>Additional costs and delays to delivery of projects</p> <p>The benefits to the community are not realised</p> <p>Reputational Damage</p>	Probable	Major (20)	<p>Project boards and project plans</p> <p>Regular monitoring of schemes</p> <p>Capital programme reporting to Executive and A&amp;G</p> <p>Financial, legal and procurement support included within the capital budget for specialist support skills</p> <p>Revised Project Management Framework</p> <p>Additional resource approved to support project management</p> <p>Capital Strategy 2018/19 to 2022/23 approved in Feb 2018</p>	Possible	Moderate (14)	No change	Development of capital strategy for 2019-20 (Ian Floyd, 31/01/2019)

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**KCR 8 LOCAL PLAN: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding.** The council has a statutory duty to develop a Local Plan, a city wide plan, which helps shape the future development in York over the next 20 years. It sets out the opportunities and policies on what will or will not be permitted and where, including new homes and businesses. The Local Plan is a critical part of helping to grow York's economy, create more job opportunities and address our increasing population needs.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Fail to adopt and agree a Local Plan</p> <p>Local Plan adoption process delayed</p> <p>Significant opposition to the plan that may impede its progression</p> <p>The Council has submitted the Local Plan for Inspection and therefore taken a significant step in reducing the risks associated with the Local Plan. However the plan has a public enquiry process to proceed through and the impacts of a failure in the public enquiry phase remain as previous therefore the overall risk score remains unchanged.</p>	<p>Significant negative impact on the council's strategic economic goals</p> <p>Council continues to have no adopted development plan/framework</p> <p>Legal and probity issues</p> <p>Reputational damage</p> <p>Increased resources required to deal with likely significant increase in planning appeals</p> <p>Development processes and decision making is slowed down</p> <p>Widespread public concern and opposition</p> <p>Inability to maximise planning gain from investment</p> <p>Adverse impact on investment in the city</p> <p>Unplanned planning does not meet the authority's</p>	Probable	Major (20)	<p>Continued close liaison with neighbouring authorities.</p> <p>Continued close liaison with MHCLG, Planning Advisory Services and Planning Inspectorate and the appointed planning inspectors</p>	Possible	Major (19)	No change	Ongoing action - Monitoring of controls (Mike Slater, 31/03/2019)

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	aspirations of the city Ongoing costs of the preparation of the Local Plan Potential loss of funding if Plan is not approved							



**ANNEX A  
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**KCR 9 COMMUNITIES: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.** The council needs to engage in meaningful consultation with communities to ensure decisions taken reflect the needs of residents, whilst encouraging them to be empowered to deliver services that the council is no longer able to do. Failing to do this effectively would mean that services are not delivered to the benefit of those communities or in partnership.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively engage with the communities we serve</p> <p>Failure to contribute to the delivery of safe communities</p> <p>Failure to effectively engage stakeholders (including Members and CYC staff) in the decision making process</p> <p>Failure to manage expectations</p> <p>Communities are not willing/able to fill gaps following withdrawal of CYC services</p> <p>Lack of cohesion in the planning and use of CYC and partner community based assets in the city</p>	<p>Lack of buy in and understanding from stakeholders</p> <p>Alienation and disengagement of the community</p> <p>Relationships with strategic partners damaged</p> <p>Impact on community wellbeing</p> <p>Services brought back under council provision – reputational and financial implications</p> <p>Budget overspend</p> <p>Create inefficiencies</p> <p>Services not provided</p> <p>Poor quality provision not focused on need, potential duplication, ineffective use of resources, difficulty in commissioning community services e.g. Library services</p>	Probable	Major (20)	<p>Creating Resilient Communities Working Group (CRCWG)</p> <p>New service delivery models</p> <p>Revised Community Safety Plan</p> <p>Devolved budgets to Ward Committees and delivery of local action plans through ward teams</p> <p>Local area working restructures for Children’s, Adults and Housing Services</p> <p>Improved information and advice, Customer Strategy and ICT support to facilitate self service</p> <p>CYC Staff and Member training and development</p>	Possible	Major (19)	No change	Develop a Community Engagement Strategy (Jon Stonehouse, 31/3/2019)

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**KCR 10 WORKFORCE/ CAPACITY: Reduction in workforce/ capacity may lead to a risk in service delivery.** It is crucial that the council remains able to retain essential skills and also to be able to recruit to posts where necessary, during the current periods of uncertainty caused by the current financial climate and transformational change. The health, wellbeing and motivation of the workforce is therefore key in addition to skills and capacity to deliver.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>The necessity to deliver savings has resulted in a reduced workforce requiring new and specialist skills</p> <p>Recruitment and retention difficulties as the council may be seen as a less attractive option than the private sector</p> <p>Lack of succession planning</p> <p>HR Policies may not be consistent with new ways of working (eg remuneration policy)</p>	<p>Increased workloads for staff</p> <p>Impact on morale and as a result, staff turnover</p> <p>Inability to maintain service standards</p> <p>Impact on vulnerable customer groups</p> <p>Reputational damage</p> <p>Single points of failure throughout the business</p>	Probable	Major (20)	<p>Workforce Strategy/ People Plan</p> <p>Stress Risk Assessments</p> <p>PDRs</p> <p>Comprehensive Occupational Health provision including counseling</p> <p>HR policies e.g. whistleblowing, dignity at work</p> <p>Development of coaching/ mentoring culture to improve engagement with staff</p> <p>Corporate Cost Control Group monitoring of absence and performance reporting</p> <p>Apprenticeship task group</p> <p>Agency and Interim Staffing Policies</p>	Possible	Moderate (14)	No change	<p>Develop a comprehensive health and wellbeing policy consolidating all current and planned actions. (Sharon Stoltz, 31/03/2019) –</p> <p>Ongoing action: Review of HR policies to ensure they compliment the new ways of working in the future (Ian Floyd 31/03/19)</p>

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**KCR 11 EXTERNAL MARKET CONDITIONS: Failure to deliver commissioned services due to external market conditions.**  
 The financial pressures experienced by contracted services (in particular Adult Social Care providers) as a result of increases to the living wage could put the continued operation of some providers at risk. The Council has a duty to ensure that there is a stable/diverse market for social care services delivery to meet the assessed needs of vulnerable adults/children.  
 Some services provided by the Council cannot be provided internally (eg Park and Ride) and must be commissioned. External market conditions such as the number of providers willing to tender for services may affect the Council's ability to deliver the service within budget constraints.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Increases to the national living wage.  Recruitment and retention of staff  If failure occurs, the Council may remain responsible for ensuring the needs of those receiving the service continue uninterrupted.	Vulnerable people do not get the services required or experience disruption in service provision  Safeguarding risks  Financial implications: Increased cost of alternative provider Increased cost if number of providers are limited  Reputational damage	Unlikely	Major (18)	Clear contract and procurement measures in place  Ongoing review of operating and business models of all key providers and putting further mitigation in place, such as more robust contract monitoring and commissioning some 'enhanced' credit checks  CYC investment in extra care OPHs has reduced recruitment pressure  Revised SLA with independent care group and quarterly monitoring meetings with portfolio holder  Increase in homecare fees to reflect actual cost of care  Local policies in place for provider failure	Unlikely	Moderate (13)	No change	Ongoing action: Ongoing attendance at Independent Care Group Provider Conference (Martin Farran 31/03/19)

**ANNEX A  
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**KCR 12 MAJOR INCIDENTS: Failure to respond appropriately to major incidents.** Local Authorities are required by law to make preparations to deal with emergencies. Local Authorities have four main responsibilities in an emergency 1. to support the Emergency Services, 2. to co-ordinate non-emergency organisations, 3. to maintain their own services through a robust Business Continuity Management process and 4. to facilitate the recovery of the community. The Council must ensure that its resources are used to best effect in providing relief and mitigating the effects of a major peacetime emergency on the population, infrastructure and environment coming under its administration. This will be done either alone or in conjunction with the Emergency Services and other involved agencies, including neighbouring authorities.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>An uncoordinated or poor response to a major incident such as:</p> <ul style="list-style-type: none"> <li>• Flood</li> <li>• Major Fire</li> <li>• Terrorist Attack</li> <li>• Outbreak of Communicable disease</li> </ul>	<p>Serious death or injury</p> <p>Damage to property</p> <p>Reputational damage</p> <p>Potential for litigation</p> <p>Potential for corporate manslaughter charges if risks are identified and proposed actions not implemented</p>	Probable	Catastrophic (24)	<p>Emergency planning and Business Continuity Plans in place and regularly reviewed</p> <p>Strong partnerships with Police, Fire, Environment Agency and other agencies</p> <p>Support to Regional Resilience forums</p> <p>Support and work in partnership with North Yorkshire local resilience forums</p> <p>Investment in Community Resilience Officer (re Flooding)</p> <p>Work with partners across the city to minimise the risk of a terrorist attack</p> <p>Implemented physical measures for certain events</p> <p>Review of city transport access measures (Exec Feb 18)</p>	Possible	Major (19)	No change	<p>Ongoing action: Regular review of emergency and business continuity plans (Neil Ferris, 31/3/19)</p> <p>Director of Public Health Annual Health Protection Assurance Report to the Health and Wellbeing Board (Sharon Stoltz, 31/03/19)</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				Strong partnerships with Public Health England and the NHS via the Local Health Resilience Partnership and Director of Public Health (DPA) Health Protection Assurance Committee				

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**Annex B**

**Analysis of Key Corporate Risk 4 – CHANGING DEMOGRAPHICS**

1. As requested at the last A&G meeting, this Annex provides a more detailed analysis of KCR4, Changing Demographics.
2. The description of this risk is as follows; Inability to meet statutory duties due to changes in demographics. York has a rapidly changing demographic in relation to both residents and business. This brings with it significant challenges particularly in the delivery of adult social care and children's services. There has also been significant inward migration and as such the council needs to ensure that community impacts are planned for and resourced.

**Risk Details**

Development and regeneration makes York more desirable and accessible to residents, students and business, resulting in increasing inward migration to York.

3. An increasing population will place additional demand on core council services. York is a great place to live with an increasingly high profile; together with large scale developments this will mean increased demand for services. Long-term international migration has stayed approximately around the 1000 people per year level for the last ten years. Internal migration has been reducing in the last 4 years. Total migration accounted for 94% of population change in 2017, and has been at an average of 87% over the last nine years.
4. The number of children in the city has grown over recent years which has impacted on primary school places. Whilst the increase has now levelled out, we will continue to see increased numbers of young people requiring secondary school places.

An increase in the aging population requiring services from the council, Increase in complexity of needs as people get older, Increase in people living with dementia

5. A growing, ageing population with increasingly complex conditions are putting pressure on services. For example; Across York 14,000 older people live alone, this is set to grow to 16,000 by 2027 and there are an estimated 2,500 people over 65 providing 20 hours or more unpaid care each week. By 2025, it is estimated that that this level of care provided by older people will increase by 16%. These are just some of the challenges that the social care market faces in York.

Increase in ethnic diversity

6. Over recent years York has seen an increase in residents from different ethnic backgrounds. This will mean that the council has to understand the

**Annex B**

**Analysis of Key Corporate Risk 4 – CHANGING DEMOGRAPHICS**

needs of different communities in how services are delivered in order that services are accessible and effective.

Growing number of people with SEND or complex needs living into adulthood

7. There has been a rise in identified need for children and young people with SEN. If a child or young person needs additional support beyond that which can be provided by school delegated budget or by their education setting they may be eligible for an Education, Health and Care plan (EHCP). Since 2014 the numbers of children and young people with EHCP have risen from around 400 to 810.
8. There has been a significant rise in numbers of children and young people diagnosed with autism. Schools are now recording double the number of children whose primary need is autism compared to four years ago.

Demographic of workforce supply unable to meet workforce demand

9. Linked to the availability of affordable housing, this may result in difficulties in recruitment to lower paid, yet key posts such as care workers.

Failure to plan for the impact of a rapid change in demographics to front line service provision

10. Failure to plan effectively will result in services becoming over stretched and unable to effectively and safely meet demand. The council is responsible for making sure that services are in place for those who need it. This includes the council's ongoing responsibilities in respect of school places, children's social care and special educational needs.
11. Failure to meet demand at the standards required would expose the council to legal and reputational risk.

**Implications**

12. The implications for the Council include;
  - Increased service demand from residents, including; statutory school placements, SEND, mental health, adult social care and environmental services (eg waste collection)
  - Increased service demand in relation to business (eg Regulation, Planning)
  - Impact of additional demands cause significant financial and delivery challenges, such as a rise in delayed discharges
  - Reputational impact as these mainly impact high risk adult and children's social care service areas



**Annex B**

**Analysis of Key Corporate Risk 4 – CHANGING DEMOGRAPHICS**

- Unable to recruit workers in lower paid, yet key service areas eg care workers

**Controls**

13. The controls in place include;

Place planning strategy to ensure adequate supply of school places, DfE returns and school population reported every 6 months

14. The Council has statutory responsibility to provide an adequate number of school places. We are required to report to DfE biannually in detail on our performance in relation to this duty.

15. The Council produces a strategy that determines how we will achieve this duty. We work closely with all schools in the city to support this work; this is achieved primarily through the York Schools and Academies Board (YSAB). YASB is a partnership between the council and Multi-academy Trusts (MATs).

Local area working structures in frontline services, including Early intervention initiatives and better self-care

16. The introduction of Local Area Teams is allowing us to better understand need and respond earlier. This will ensure that resources are deployed to support need accurately.

17. As part of the early intervention & prevention agenda the Council have invested in asset based approaches that support citizens to stay strong, healthy and to contribute to society. Examples of this include Local Area Coordination, Community Facilitators and the Ways to Wellbeing Service operated by York CVS. The staff concerned meet regularly to ensure a joined up approach, networking and peer support.

18. Citizens are enabled to maintain independence and wellbeing, strengthening their awareness of and access to community based support options.

19. A new relationship of shared responsibility between the council and individuals, families and communities to maintain their wellbeing and independence including conversations between providers and residents to focus on strengths and assets and working to better resilience and outcomes.

20. The council works in close partnership with schools and health to analyse long term needs and plan accordingly. The council is currently leading an 'inclusion review' which will recommend any changes needed in the future to ensure that increasing needs are being met effectively.

**Annex B**

**Analysis of Key Corporate Risk 4 – CHANGING DEMOGRAPHICS**

21. The specialist teaching team offer an initial assessment and support as appropriate to all children receiving an autism diagnosis. There are also increased numbers of children and young people with complex autism and challenging behaviour. The FIRST, Family Intervention Rapid Support Team are providing intensive support for families where there is a risk of family or education breakdown. The Centre for Excellence currently being developed will support children and their families many of whom will have autism.

Assessment and Care management review underway, to better manage adult social care demand on CYC,

Advise and Information Strategy underway, to provide residents with direct access to support and services, to better manage adult social care demand on CYC

22. It is recognised that the council is facing a combination of increasing demand and inappropriate referrals into ASC from other professionals and the current configuration of care management contributes to longer than necessary waiting lists for the residents of York. The historic approach was geared more towards council commissioned services rather than supporting conversations about alternative solutions.

23. Demand can be managed better by implementing processes and controls for more effective responses, including:

- How we work proactively to prevent need arising - Local area coordination supports people who may feel vulnerable due to age, frailty, disability or mental health needs, connecting people within their communities and supporting people to find practical ways to live well.
- How we respond when people approach us for care – by using community/family/ neighbourhood solutions where possible and appropriate rather than formal care and using reablement effectively to reduce or remove the need for long term formal care.
- How we respond when reviewing people already in the system - by focusing on help that supports recovery, avoiding risk averse practices, reducing use of new admissions to residential care and moving people from residential care to supported housing (that promotes independence).

Stakeholder and officer group, to create a more connected and integrated health and social care system.

24. We aim to create a more connected and integrated Health and Social Care system, ensuring data, systems and working practices are primed to share relevant data for the benefits of the customer's health and wellbeing and working more closely with Public health, CVS and Primary and Secondary

**Annex B**

**Analysis of Key Corporate Risk 4 – CHANGING DEMOGRAPHICS**

Care. Consistent measurements of activity and performance of individual services are in place, which are aligned to the goals of individuals, teams and the wider system.

Officer caseload monitoring

25. The LA closely monitors caseload sizes for social workers and other colleagues delivering statutory services. This ensures that we have a clear picture of demand for services and ensures that work is allocated appropriately.

Creating Resilient Communities Working Group (CRCWG)

26. In order that CYC's partnership working is as effective as possible, it is critical that there is broad appreciation within the council of which areas are working with different partners. To support this, internal working groups such as the Creating Resilient Communities Working Group (CRCWG) meet regular to understand what is happening across particular agendas and in doing so, a greater degree of join-up can be achieved across the council.

**Outstanding Actions**

27. The controls for this risk include an ongoing action for development of the CYC place planning strategy to ensure adequate supply of school places.
28. Redesign and implementation of the arrangements for early intervention and prevention have already taken place and further actions are due to be in place by December 2018.
29. The Assessment & Care Management Review and Advice & Information Strategy have both already contributed to improved controls and remain ongoing.
30. A review is due to be undertaken after December 2018 to assess the implications of the local plan and major development projects on demographics to determine the impact on all CYC services.

**Risk Rating**

31. The gross risk score is 20 (likelihood probable, impact major). After applying the controls detailed above the net risk score is reduced to 19 (likelihood possible, impact major).

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Annex C- Risk Matrix

<b>Impact</b>	<b>Catastrophic</b>	17	22	23	24	25
	<b>Major</b>	12	18	19	20	21
	<b>Moderate</b>	6	13	14	15	16
	<b>Minor</b>	2	8	9	10	11
	<b>Insignificant</b>	1	3	4	5	7
		<b>Remote</b>	<b>Unlikely</b>	<b>Possible</b>	<b>Probable</b>	<b>Highly Probable</b>
<b>Likelihood</b>						

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## **Audit and Governance Committee**

19 September 2018

Report of the Head of Internal Audit

### **Internal Audit Follow Up Report**

#### **Summary**

- 1 This is the regular six monthly report to the committee setting out progress made by council departments in implementing actions agreed as part of internal audit work.

#### **Background**

- 2 Where weaknesses in systems are found by internal audit, the auditors discuss and agree a set of actions to address the problem with the responsible manager. The agreed actions include target dates for issues to be dealt with. The auditors then carry out follow up work to check that the issue has been resolved once these target dates are reached. The follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary. Where managers have not taken the action they agreed to, issues are escalated to more senior managers, and ultimately may be referred to the Audit and Governance Committee.
- 3 A summary of the findings from follow up work is presented to this committee twice a year. The current report covers agreed actions with target dates up to 31 July 2018.

#### **Consultation**

- 4 Details of the findings of follow up work are discussed with the relevant service managers and chief officers.

## Follow up of internal audit agreed actions

- 5 A total of 86 actions have been followed up since the last report to this committee in April 2018. A summary of the priority of these actions is included in figure 1, below.

*Figure 1: actions followed up as part of the current review*

Priority of actions*	Number of actions followed up
1	2
2	20
3	64
<b>Total</b>	<b>86</b>

\* The priorities run from 1 (high risk issue) to 3 (lower risk)

- 6 Figure 2 below provides an analysis of the actions which have been followed up, by directorate.

*Figure 2: actions followed up by directorate*

Priority	Priority of actions			
	CCS	EP	CEC	HHASC
1	0	2	0	0
2	4	8	6	2
3	10	13	36	5
<b>Total</b>	<b>14</b>	<b>23</b>	<b>42</b>	<b>7</b>

- 7 Of the 86 agreed actions 53 (62%) had been satisfactorily implemented and 13 (15%) were either redundant or superseded by a new action<sup>1</sup>.
- 8 In a further 20 cases (23%) the action had not been implemented by the target date, but a revised date was agreed. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable (e.g. due to unexpected difficulties or where actions are dependent on new systems being implemented). These actions will be followed up after the revised target date and if necessary they will be raised with senior managers in accordance with the escalation procedure. Figure 3 below shows the priority of these actions.

<sup>1</sup> For example because of other changes to procedures or because the service has ended or changed significantly.



- 9 One Priority 2 action had an implementation date revised by more than six months during the period. Further details are included at annex 1.

*Figure 3: priorities of actions with revised dates*

<b>Priority of actions</b>				
<b>Priority</b>	<b>CCS</b>	<b>EP</b>	<b>CEC</b>	<b>HHASC</b>
1	0	0	0	0
2	0	2	1	0
3	0	8	6	3
<b>Total</b>	<b>0</b>	<b>10</b>	<b>7</b>	<b>3</b>

### **Conclusions**

- 10 The follow up testing undertaken confirms that in general good progress has been made by council departments to rectify weaknesses in control identified through internal audit work. This is an ongoing process and progress in implementing agreed actions will continue to be monitored and reported as required through the escalation procedure. There are no specific issues that need to be brought to the attention of the Audit and Governance Committee at this time.

### **Options**

- 11 Not relevant for the purpose of the report.

### **Analysis**

- 12 Not relevant for the purpose of the report.

### **Corporate Priorities**

- 13 This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do. It also contributes to all the improving organisation effectiveness priorities.

### **Implications**

- 14 There are no implications to this report in relation to:

- **Finance**

- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

### **Risk Management**

- 15 The council will fail to properly comply with Public Sector Internal Audit Standards (PSIAS) if it does not establish procedures to follow up on audit recommendations and report progress to the appropriate officers and members.

### **Recommendations**

- 16 Members of the Audit and Governance Committee are asked to:
- consider the progress made in implementing internal audit agreed actions as reported above (paragraphs 5 – 10)

Reason: To enable the committee to fulfil its role in overseeing the work of internal audit.

**Contact Details**

**Author:**

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**Chief Officer Responsible for the report:**

Ian Floyd  
Director of Customer and Business  
Support Services  
Telephone: 01904 551100

**Report  
Approved**



**Date** 7/9/2018

**Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

**All**

**For further information please contact the author of the report**

**Annexes**

Annex 1 – P1 and P2 actions with revised dates longer than six months

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## PRIORITY 1 AND 2 ACTIONS WITH IMPLEMENTATION DATES REVISED BY MORE THAN SIX MONTHS

Audit	Priority	Original Date	Revised Date	Finding / Action	Reason for Delay
Waste Disposal Contract 16-17	2	December 2017	October 2018	The partnership agreement between CYC and NYCC required updating to reflect the change in status of the waste recovery plant. It was agreed there would be a revision of the Joint Waste Management Agreement (JWMA) in Autumn 2017 with the intention of taking the revised document to CYC's Executive for approval.	Progress on the amendments to the JWMA was reported to the Executive in April 2018. The alignment of decision making processes and resource (particularly in Legal services) has meant this work will be completed in the Autumn 2018, so the timescale for completion will now be October 2018.

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**Audit and Governance Committee**

19 September 2018

Report of the Head of Internal Audit

**Audit & Counter Fraud Monitoring Report****Summary**

- 1 This report provides an update on progress made in delivering the internal audit workplan for 2018/19 and on current counter fraud activity.

**Background**

- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the standards, periodic reports detailing the outcomes of internal audit work are presented to this committee.

**Internal Audit**

- 3 To date (up to 5<sup>th</sup> September 2018), internal audit has completed 9% of the 2018/19 audit plan. The figure is based on reports issued and does not reflect audits in progress or recently completed<sup>1</sup>. While the figure is lower than reported at this point last year (27%), the level of work in progress is in line with expectations and it is anticipated that the 93% target for the year will be exceeded by the end of April 2019 (the cut off point for 2018/19 audits). The current status of audits included in the audit plan is shown in annex 3.
- 4 Details of the audits completed and reports issued since the last report to this committee in June 2018 are given in annex 1.

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<sup>1</sup> The figure including work in progress and work completed but not yet reported is 51%.

- 5 One variation to the audit plan has been approved by the Director of Customer and Corporate Services since the last report to this committee in June 2018. Details of the variation are included in annex 2.

### **External Assessment**

- 6 In order to comply with the PSIAS, internal auditors working in local government are required to maintain a quality assurance and improvement programme (QAIP). As part of this programme, providers are required to have an external assessment of their working practices at least once every five years. The last external assessment of Veritau was undertaken in April 2014 by the South West Audit Partnership (SWAP).
- 7 A further external assessment of Veritau will be undertaken by SWAP in November 2018. SWAP is a not for profit public services company operating primarily in the South West of England. As a large shared service internal audit provider it has the relevant knowledge and expertise to undertake external inspections of other shared services and is independent of Veritau.
- 8 The assessment will include a review of documentary evidence, including self-assessments completed by Veritau, and face to face interviews with a number of senior officers at each of the Veritau clients, and Veritau auditors. The assessors may also wish to speak to the chair of the audit committee as part of the assessment process. The results of the assessment will be included in future internal audit progress reports to the committee, once a report has been received from the assessor. Any specific areas identified as requiring further development and/or improvement will also be included in the QAIP.

### **Breaches of Financial Regulations**

- 9 No breaches of the council's financial regulations have been identified during the course of recent audit work.



### **Counter Fraud**

- 10 Counter fraud work has been undertaken in accordance with the approved plan. Annex 4 provides a summary of the work undertaken in the period.
- 11 Up to 28th August, the fraud team had achieved £208k in savings for the council as a result of investigation work (against a target for the year of £200k). Successful outcomes were recorded for 64% of investigations completed - where cases have resulted in some form of action against the perpetrator such as recovery of funds, prosecution, issue of a warning, or other action.

### **Consultation**

- 12 Not relevant for the purpose of the report.

### **Options**

- 13 Not relevant for the purpose of the report.

### **Analysis**

- 14 Not relevant for the purpose of the report.

### **Council Plan**

- 15 The work of internal audit and counter fraud helps to support overall aims and priorities by promoting probity, integrity and accountability and by helping to make the council a more effective organisation.

### **Implications**

- 16 There are no implications to this report in relation to:
  - **Finance**
  - **Human Resources (HR)**
  - **Equalities**
  - **Legal**
  - **Crime and Disorder**
  - **Information Technology (IT)**
  - **Property**

## Risk Management Assessment

- 17 The council will be non-compliant with the PSIAS if the results of audit work are not reported to the committee and could therefore be exposed to increased levels of scrutiny and challenge.

### Recommendation

- 18 Members are asked to:
- (a) note the progress made in delivering the 2018/19 internal audit work programme, and current counter fraud activity.

Reason

To enable members to consider the implications of audit and fraud findings.

- (b) note the arrangements for the external assessment of internal audit.

Reason

To enable members to fulfil their responsibilities for oversight of internal audit arrangements.

## Contact Details

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**Chief Officer Responsible for the report:**

Ian Floyd  
Director of Customer & Corporate  
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Telephone: 01904 551100

**Report  
Approved**



**Date** 7/9/2018

## **Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

All

**For further information please contact the author of the report**

## **Background Papers**

- 2018/19 Internal Audit and Counter Fraud Plan

## **Annexes**

Annex 1 – 2018/19 Audits Completed and Reports Issued

Annex 2 - Variations to the 2018/19 Audit Plan

Annex 3 - Current Status of Planned Audits

Annex 4 - Counter Fraud Activity

## **Available on the council's website**

The following Internal Audit reports referred to in annex 1 are published on the council's website:

- Car Parking
- Clean Air Data
- Council Tax & NNDR
- High Needs SEN
- Register of Interests
- Taxi Licensing
- Trading Standards

Information which might increase risk to the council, its employees, partners or suppliers has been redacted.

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**AUDITS COMPLETED AND REPORTS ISSUED**

The following categories of opinion are used for audit reports.

<b>Opinion</b>	<b>Level of Assurance</b>
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Actions to address issues are agreed with managers where weaknesses in control are identified. The following categories are used to classify agreed actions.

<b><u>Priority</u></b>	<b><u>Long Definition</u></b>	<b><u>Short Definition – for use in Audit Reports</u></b>
1 (High)	<p>Action considered both critical and mandatory to protect the organisation from exposure to high or catastrophic risks. For example, death or injury of staff or customers, significant financial loss or major disruption to service continuity.</p> <p>These are fundamental matters relating to factors critical to the success of the area under review or which may impact upon the organisation as a whole. Failure to implement such recommendations may result in material loss or error or have an adverse impact upon the organisation's reputation.</p> <p>Such issues may require the input at Corporate Director/Assistant Director level and may result in significant and immediate action to address the issues raised.</p>	<p>A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.</p>

**Priority**

**Long Definition**

**Short Definition – for use in Audit Reports**

2

Action considered necessary to improve or implement system controls so as to ensure an effective control environment exists to minimise exposure to significant risks such as financial or other loss.

A significant system weakness, whose impact or frequency presents risks to the system objectives, and which needs to be addressed by management.

Such issues may require the input at Head of Service or senior management level and may result in significantly revised or new controls.

3

Action considered prudent to improve existing system controls to provide an effective control environment in order to minimise exposure to significant risks such as financial or other loss.

The system objectives are not exposed to significant risk, but the issue merits attention by management.

Such issues are usually matters that can be implemented through line management action and may result in efficiencies.

### Draft Reports Issued

Seven internal audit reports are currently in draft. These reports are with management for consideration and comments. Once the reports have been finalised, details of the key findings and issues will be reported to this committee.

### Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in June 2018. In all cases the actions have been agreed with management, and will be followed up by internal audit when the due date is reached.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Car Parking	Reasonable Assurance	0	1	2	The areas reviewed included income collection and the appeals process for Penalty Charge Notices. The main issue identified related to a lack of reconciliations between the parking and financial systems.
Clean Air Data	High Assurance	0	0	2	The audit reviewed the systems involved in collecting and reporting data on air quality in York. They were found to be working well.



Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Council Tax & NNDR	Substantial Assurance	0	1	1	This was a review of systems and controls relating to the collection of Council Tax and NNDR. The issues identified included a lack of procedure notes and guidance in relation to refunds.
High Needs SEN	Substantial Assurance	0	2	3	The audit reviewed the formulation of Education, Health and Care Plans (EHCPs), the quality assurance processes and charges for post-16 provision. It was found that there is no ongoing review of charges by the council.
Register of Interests	Reasonable Assurance	0	1	5	This audit reviewed the procedures in place to maintain staff registers of gifts and hospitality along with declarations of interests. It followed-up a previous audit which had provided Limited Assurance - improvements were noted, although further action is still required.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Taxi Licensing	Reasonable Assurance	2	1	2	This audit reviewed a range of areas including suitability checks made on taxi drivers, processing of licences, enforcement, and compliance with policy. It found some significant issues in relation to checks on drivers, although the service has made progress towards addressing this. Other procedures and controls were generally working well, across all of the areas reviewed.
Trading Standards	Substantial Assurance	0	1	3	The audit reviewed the work carried out by the council's trading standards team including the rationale for making interventions and charges for consultancy work. It found that the agreement between the council and North Yorkshire County Council to cover eCrime work is out of date.

## VARIATIONS TO THE 2018/19 AUDIT PLAN

Additions to the plan are considered where:

- specific requests are received from the S151 Officer which are necessary for him to discharge his statutory responsibilities;
- new or previously unidentified risks result in changes to the priority of audit work;
- significant changes in legislation, systems or service delivery arrangements occur which have an impact on audit priorities;
- requests are received from customers to audit specific services, systems or activities usually as a result of weaknesses in controls or processes being identified by management;
- urgent or otherwise unplanned work arises as a result of investigations into fraud and other wrongdoing identifying potential control risks.

Additions to the audit plan are only made if the proposed work is considered to be of a higher priority than work already planned, the change can be accommodated within the existing resource constraints and the change has been agreed by the Head of Internal Audit.

Audits are deleted from the plan or delayed until later years where:

- specific requests are received from the S151 Officer or the audit customer and the grounds for such a request are considered to be reasonable;
- the initial reason for inclusion in the audit plan no longer exists;
- it is necessary to vary the plan to balance overall resources.

To reflect the contractual relationship between the council and Veritau, all proposed variations to the agreed audit plan arising as the result of emerging issues and/or requests from directorates will be subject to a change control process. Where the variation exceeds 5 days then the change must be authorised by the S151 Officer. Details of variations are communicated to the Audit and Governance Committee for information.

## 2018/19 Audit Plan Variations

The following variation has been approved by the Director of Customer and Corporate Services since the last report to this committee in June 2018.

Audit	Days	Reason For Variation
<b>Additions / Increases to the Audit Plan</b>		
Staff Parking	25	A provision of time to review the use of staff parking permits by teams across the council, and controls over their issue and use.
	<b>25</b>	

Audit	Days	Reason For Variation
<b>Deletions / Reductions from the Audit Plan</b>		
Contingency	25	To fund the staff parking audit.
	<b>25</b>	

## CURRENT STATUS OF WORK IN AUDIT PLAN

AUDIT	STATUS
<b>Corporate &amp; Cross-Cutting</b>	
Annual Governance Statement & Governance Support	In progress
Asset Management	In progress
Budgetary Control	Not started
Corporate Complaints	Not started
Data Quality	Not started
Equalities	Not started
GDPR Compliance	In progress
Governance	In progress
ICT – Asset Management	In progress
ICT – Governance & Cyber Security	In progress
ICT – Licence Management	In progress
Information Security	In progress
Insurance	Not started
Multi-Agency Incident Planning	Not started
Procurement & Contract Management	Not started
Project Management	In progress
Workforce Planning	Not started
Staff Parking (addition to plan)	In progress

AUDIT	STATUS
<b>Main Financial Systems</b>	
Council Tax & NNDR	Not started
Council Tax Support and Housing Benefits	Not started
Debtors	Not started
Housing Rents	Not started
Main Accounting System	Not started
Ordering and Creditor Payments	In progress
Payroll	Not started
VAT Accounting	Not started
<b>Health, Housing and Adult Social Care</b>	
ASC Absence Management	Not started
ASC Budget Management	Not started
Continuing Healthcare	In progress
CQC Improvement Plan	In progress
Housing Development	Not started
Housing Fraud	Not started
Public Health – Health Protection Standards	Not started
Responsive Repairs	Not started
Section 117 of the Mental Health Act (follow-up)	In progress

AUDIT	STATUS
<b>Economy and Place</b>	
Capital Projects	Not started
Clean Air Data	<b>High Assurance</b>
Contract Management – Allerton Park	Not started
Contract Management – Park and Ride	Not started
Waste Services – Procurement	In progress
<b>Children, Education and Communities</b>	
Adult Education Service	In progress
Children’s Social Care Funding and Budget Management	Not started
Free Early Education Funding	In progress
Schools themed audit – Budget Management	In progress
Schools themed audit – Information Governance	In progress
Schools Funding	Not started
Schools Maintenance Programme	Not started
Services to Schools	Not started
Wenlock Terrace	In progress
Schools: St Wilfrid’s Primary School	Draft report issued

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**COUNTER FRAUD ACTIVITY 2018/19**

The table below shows the level of savings achieved through counter fraud work during the current financial year.

	<b>2018/19 (Actual: 31/8/18)</b>	<b>2018/19 (Target: Full Yr)</b>	<b>2017/18 (Actual: Full Yr)</b>
Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.	£208,025	£200,000	£298,155

**Caseload figures for the period are:**

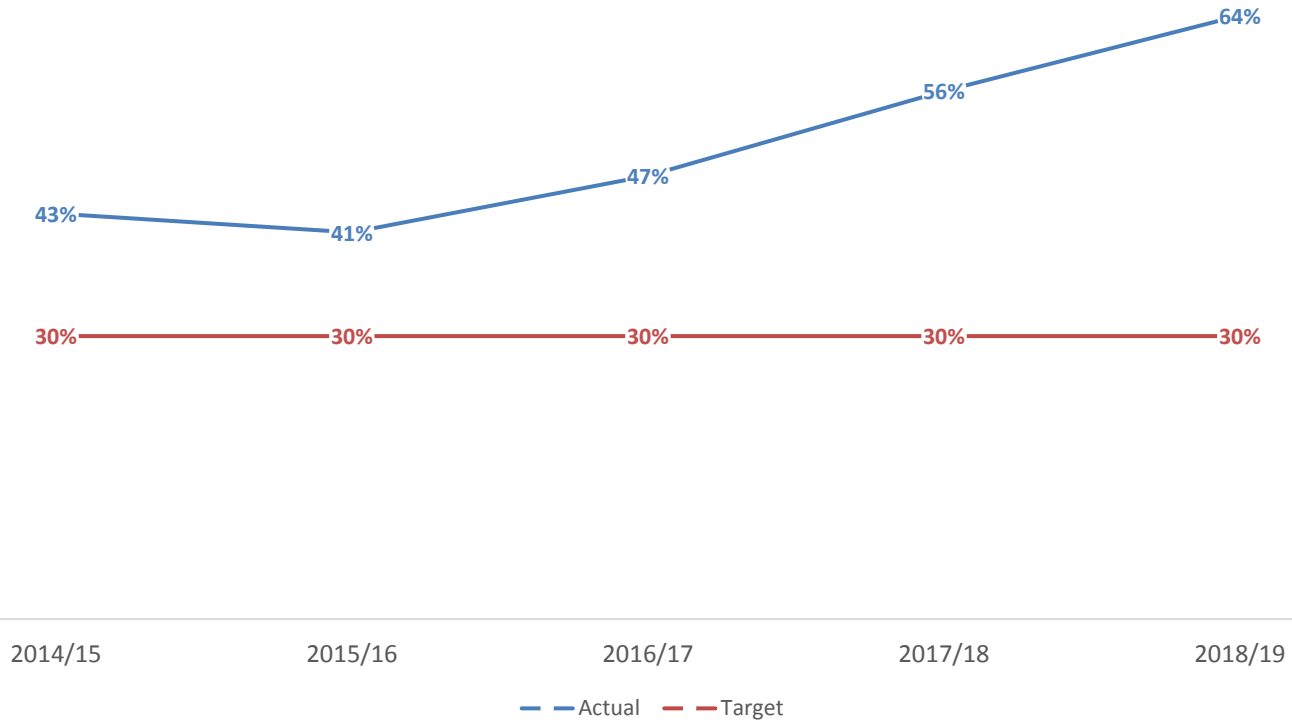
	<b>2018/19 (As at 31/8/18)</b>	<b>2017/18 (Full Year)</b>
Referrals received	104	365
Number of cases under investigation	133	120 <sup>1</sup>
Number of investigations completed	74	209

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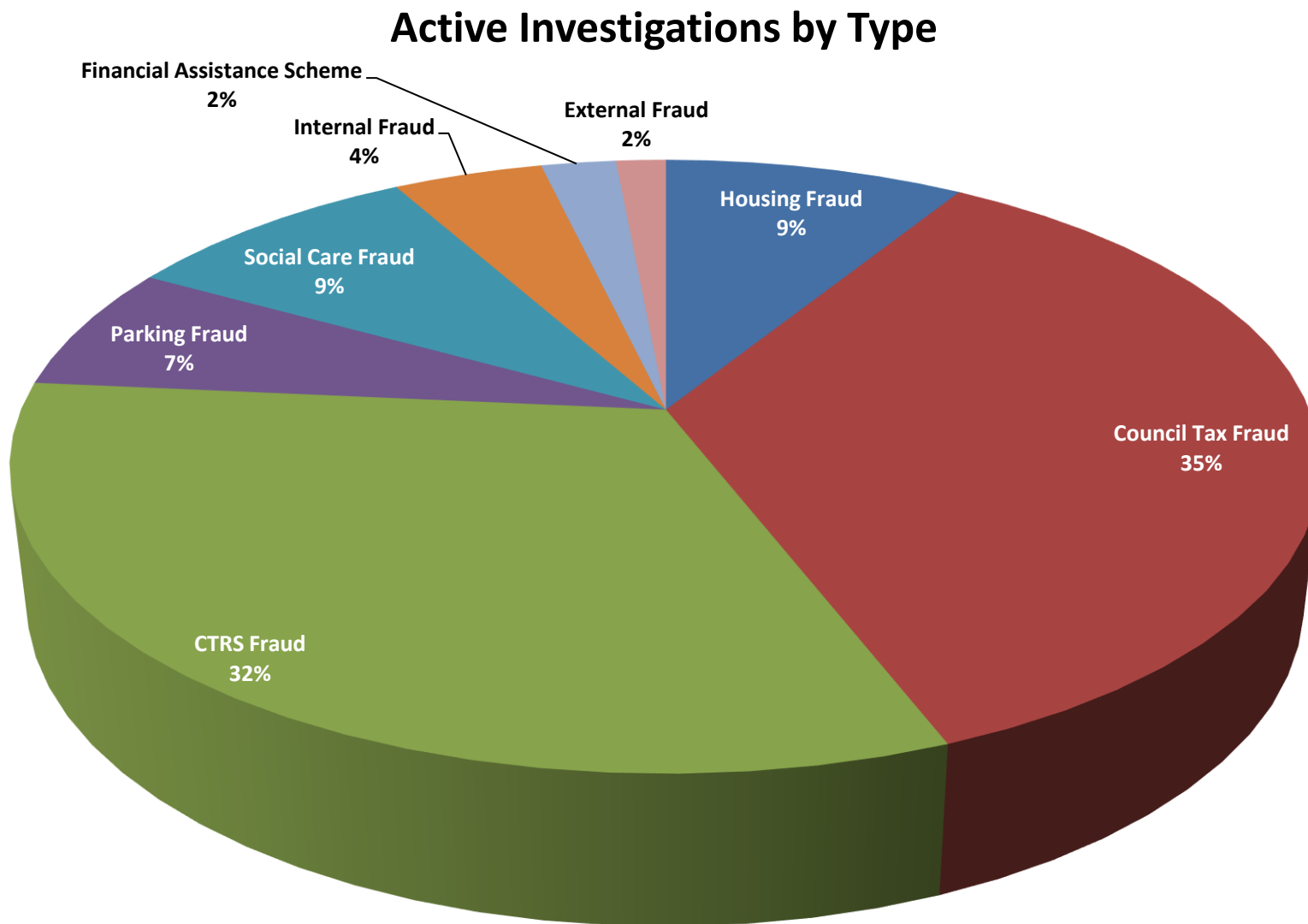
<sup>1</sup> As at 31/3/18

The agreed target for successful outcomes from investigations is 30%. Actual outcomes vary by case type but include, for example, benefits or discounts being stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked, or management action taken. The graph below shows percentage success rates over the last 4 years and 2018/19 to date.

### SUCCESSFUL INVESTIGATION OUTCOMES



The chart below shows the proportion of different case types under investigation as at 31<sup>st</sup> August 2018.



## Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>The 2018/19 National Fraud Initiative is soon to begin. Preparations to gather data are underway ahead of a submission date in early October.</p> <p>The NFI are running an additional pilot exercise looking at business rate fraud which the council successfully bid for alongside a number of regional partners. Data has been extracted and matches are expected to be returned this month.</p>
Fraud detection and investigation	<p>The service continues to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> <li>• <b>Social Care fraud</b> – This is a high risk area for the council in terms of financial loss due to fraud. The counter fraud team continue to work alongside council colleagues to prevent, detect and deter fraud in this area. In August a resident of Cambridgeshire was jailed for 15 months for stealing substantial amounts of money from his parents who were in receipt of care from the council. The case was the culmination of work by the counter fraud team, North Yorkshire Police and the Crown Prosecution Service. In the current financial year the team have detected £120k of loss to the council due to social care fraud.</li> <li>• <b>Council Tax/Non Domestic Rates fraud</b> – Council tax and business rate investigations continue to be an area of focus. The council achieved its first business rates prosecution in April when a business owner produced false documentation in order to fraudulently claim small business rate relief (SBRR). He was sentenced to an 8 month prison sentence suspended for two years. This is believed to be the first SBRR prosecution nationally. In May a landlord who owned three rental properties in York pleaded guilty to falsely obtaining single person discounts at his properties over a 5 year period. He was ordered to undertake 250 hours of community punishment. A further 10 people and 3 businesses have been cautioned, warned, or found to have underpaid council tax or business rates. In 2018/19 the team has identified £52k of loss to the council in this area.</li> </ul>

Activity	Work completed or in progress
	<ul style="list-style-type: none"> <li>• <b>Internal fraud</b> - The team has received 6 referrals for possible internal fraud in 2018/19; 6 cases are currently under investigation.</li> <li>• <b>York Financial Assistance Scheme fraud</b> – The fraud team continues to work with council officers and external organisations to deter fraud against this scheme. In the current financial year two people have been prosecuted by the council for falsely applying for white goods they did not require with the intention of selling them at a reduced cost. They were ordered to repay the council over £800 as well as undertaking community punishment. A further 3 people have been cautioned or warned in relation to fraud against the scheme.</li> <li>• <b>Council Tax Support fraud</b> – In 2018/19 the fraud team has completed 11 investigations into potential CTS fraud. One person has been cautioned and 3 people were issued formal warnings.</li> <li>• <b>Housing fraud</b> – Working alongside colleagues in the housing department, the counter fraud team have prevented 3 council homes from being let to applicants who provided false information in housing applications.</li> <li>• <b>Parking fraud</b> – The fraud team work with the parking department to combat blue badge and other types of parking related fraud. The two teams periodically undertake ‘days of action’ together where all blue badges are checked to ensure correct usage. During this financial year one person has been prosecuted for using a child’s blue badge while parking in a disabled parking bay in York city centre. He pleaded guilty and was fined over £500 by magistrates. A further 10 people have been cautioned or issued warnings relating to parking fraud offences.</li> <li>• <b>Education verification</b> – The fraud team works with the schools team to investigate and deter false applications for school placements. No cases have been referred to Veritau to date in 2018/19.</li> </ul>

<b>Activity</b>	<b>Work completed or in progress</b>
Fraud liaison	The fraud team acts as a single point of contact for the Department for Work and Pensions and is responsible for providing data to support their housing benefit investigations. The team have dealt with 186 requests on behalf of the council in 2018/19.
Fraud Management	<p>In 2018/19 a range of activity has been undertaken to support the council's counter fraud framework.</p> <ul style="list-style-type: none"> <li>• Raising awareness of fraud is part of the annual work of the team. Awareness sessions have been provided to the business rates team and housing department in the current financial year.</li> <li>• The counter fraud team alerts council departments to emerging local and national threats through a monthly bulletin and specific alerts over the course of the year.</li> </ul> <p>We are also pleased to report that the counter fraud team have been named as a finalist in two categories of the Institute of Revenues Rating &amp; Valuation (IRRV) 2018 performance awards – Excellence in Counter Fraud and Excellence in Innovation.</p>



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**Audit and Governance Committee**

19 September 2018

**Report of the Deputy Chief Executive/Director of Customer and Corporate Services****Information Governance and Complaints****1. Summary**

1.1 This report provides Members with updates in respect of:

- Information governance performance
- General Data Protection Regulation (GDPR) and Data Protection Act 2018
- NHS Digital Information Governance toolkit – annual assessment
- NHS Digital audit
- Complaints

**2. Information Governance Performance**

2.1 The council publishes performance data on timeliness for responding to requests made under Freedom of Information Act (FOI), Environmental Information Regulations (EIR) and Data Protection Act subject access to records requests (SARs), via the York Open Data platform:

<https://data.yorkopendata.org/group/freedom-of-information>

Current performance information is provided in full at Annex 1.

2.2 The Council's performance for responding in time to both FOI and EIR enquiries continues to exceed the 90% target, which the ICO sets as an indicator for those authorities which may require attention.

- 2.3 This continues to be particularly impressive given the volumes of FOI/EIR enquiries shown below:

Year	Volume
2013/14	1384
2014/15	1864
2015/16	1670
2016/17	1719
2017/18	1852
2018/19 – April to June only	554

- 2.4 If someone is unhappy with the response they receive in relation to an FOI or EIR request there is an opportunity to seek an internal review and then to complain to the ICO. The ICO publishes their decision notices and these are all available at

<http://search.ico.org.uk/ico/search/decisionnotice>

- 2.5 The council continues to maintain its significant performance improvements for in-time compliance with Data Protection Act subject Access to Records requests (SARs). This was a specific area that ICO auditors recommended we improve upon. Again, using the same methodology for in-time compliance as previously, we have achieved an in time compliance of 82.8% in Q1 April to June 2018.
- 2.6 There has been an increase of 175 FOIs, EIRs and SARs received in Q1 April to June 2018 compared to the same quarter last year. This may in part to be due to the increased awareness of individuals' rights following the publicity surrounding the introduction of the enforcement of the GDPR. For information, we are reporting under the SAR figures, all the requests made under the data protection rights of individuals e.g. right to be forgotten, right of data portability, etc. Work is underway to report on these in the KPI reporting tool and we will include any new reporting figures through this report going forward.
- 2.7 The internal audit into FOI responding and reporting is almost completed. We are finalising the actions to meet the recommendations made and we will bring this to a future meeting.



However we have improved the assurance level to “substantial assurance” from the previous internal audit report.

### **3. General Data Protection Regulation (GDPR) and Data Protection Act 2018**

3.1 GDPR came into force on 25<sup>th</sup> May 2018. Having undertaken a relatively recent data protection audit and implemented an action plan the Council was better placed than many organisations to meet the new challenges.

3.2 Work undertaken across the council has included:

- Reviewing and updating privacy notices and ensuring they are accessible.
- Ensuring we know “what we have and what we do with it” – this is sometimes referred to as either an audit of personal data and its uses; or as a record of processing activities (ROPA). We are recording these through an intranet based tool as part of our information asset register (IAR).
- Reviewing and updating or putting in place, data sharing agreements. These are needed for when we share personal data both internally and externally, and include the record or evidence, of the purpose and lawful reason for the sharing. Work is underway to produce and monitor these using the “information sharing gateway”. This tool will be used across the Yorkshire and Humberside region. It is already used in many other regions and by different organisations, NHS, combined authorities, etc. City Of York Council is hosting one of the further demonstrations of the gateway at the end of the month.
- Embedding further the personal data breach management process and procedures to ensure we can report those breaches that meet the guidance for reporting to the ICO within 72 hours.
- Provision of guidance and improving awareness through use of elearning tool – MyLo - and sessions with teams, management teams and individuals e.g. on conducting data protection/privacy impact assessments.
- Updated the screening questions and checklists for data protection/privacy impact assessments (DP/PIAs). These help us to identify where these should be undertaken and support service areas, project boards etc to conduct

DP/PIAs and ensure there is a mechanism for managing progress through a risk management based approach.

- 3.3 We are underway with the Tier 1 registration for all Councillors. This is being done when the previous “data controller registration” with the ICO comes up for renewal.
- 3.4 Work is continuing to review and update our records management and retention schedules including working with the local City Archivist to meet digital preservation of records for archiving.
- 3.5 From the details recorded on the information asset register, we will be providing targeted training for those who have been identified as information asset owners (IAOs) and information asset administrators (IAAs). This will include the guidance provided from the National Archives.

#### **4. NHS Digital – information governance toolkit – annual assessment**

- 4.1 Under the Health and Social Care Act 2012, the Health and Social Care Information Centre (HSCIC) also known as NHS Digital, has a legal duty to maintain the confidentiality, safety, security and integrity of all personal and patient data it holds and disseminates. Given our health and social care responsibilities the council is a recipient and user of such information and we are required to undertake an annual assessment of our information governance controls, processes and procedures, known as the “IG toolkit”.
- 4.2 For 2018/19, this will change to NHS data security and protection toolkit which will provide an improved online tool for organisations to demonstrate compliance with the National Data Guardians data security standards. The council has been an early adopter of this new online tool and has worked with the NHS Digital project team on testing it, including reporting and presenting at national events e.g. with LGA etc on the improvements this new online tool provides especially for public authorities.
- 4.3 The overall assessment score for the council including Public Health is shown in the table below and highlights the improvement made since last year, including scoring level 3 in 3 new areas and maintaining level 3 in 14 areas.

Assessment	Stage	Level 2	Level 3	Total Req'ts	Overall Score
Version 14.1 (2017-2018)	Latest	11	17	28	86%
Version 14 (2016-2017)	Published	14	14	28	83%

## 5. NHS Digital – data sharing audit update

5.1 NHS Digital undertook a data sharing audit at City of York Council (CYC) -Public Health on 22 and 23 November 2017. It provided an evaluation of how the council conforms to the requirements of the data sharing framework contract and the data sharing agreement with respect to the provision of:

- Vital statistics service
- Primary Care Mortality database (PCMD)
- Office of National Statistics (ONS) – Births data

5.2 The scope areas of the data sharing audit were

- Information transfer
- Access control
- Use and benefits of data
- Data destruction
- Risk management
- Operational management and control.

5.3 NHS Digital published their audit report and recommendations at the end of January 2018. They assigned the following assurance ratings to these areas.

Information Transfer	Moderate assurance
Access Control	Moderate assurance
Data Use and Benefits	Moderate assurance
Risk Management	Substantial assurance
Operational Management and Control	Moderate assurance
Data Destruction	Moderate assurance

- 5.4 It was the Audit Team's opinion that based on evidence presented during the audit and the type of data being shared, there is low risk of a breach of information security, duties of care, confidentiality or integrity (including inappropriate access to or loss of data) provided by NHS Digital to the council under the terms and conditions of the data sharing agreements signed by both parties.

## **6. Complaints**

- 6.1 The annual reports for adult and childrens social care and corporate complaints was provided to Corporate Scrutiny Management Committee. As this was after the deadline for submitting this deferred report, it will be shared with this Committee at the next planned meeting for information governance and complaints report.
- 6.2 The Local Government and Social Care Ombudsman (LGSCO) annual letter and review was published on their website at the end of July. The following is a change from the report submitted for the July meeting.
- 6.3 The LGSCO provides an annual review letter about the council covering April to March each year (*see Annex 2*). This includes tables presenting the number of complaints and enquiries received about the council and the decisions the LGSCO has made during the reporting period (*see Annex 3*). This is to help us assess our performance in handling complaints. It includes the number of cases where the LGSCO's recommendations remedied the fault and the number of cases where they decided we had had offered a satisfactory remedy during our local complaints process. In these latter cases the LGSCO provides reassurance that we had satisfactorily attempted to resolve the complaint before the person went to them.
- 6.4 The LGSCO dealt with 54 cases about the council in April 2017 to March 2018 and their decisions are shown below:

<b>LGSCO decision</b>	<b>How many?</b>	<b>%* rounded down to whole number</b>
Closed after initial enquiries	15	28%
Referred back for local resolution	11	20%
Advice given	1	2%
Incomplete/invalid	4	7%
Not upheld	10	19%
Upheld	13	24%
<b>Total</b>	<b>54</b>	<b>100%</b>

6.5 All decisions are published on the LGSCO website and this was sent out previously to all Directors.

<https://www.lgo.org.uk/Decisions/SearchResults?t=both&fd=0001-01-01&td=2018-08-02&dc=u%2B&aname=city%20of%20york&atype=C&sortOrder=descending&page=2>

Of the upheld decisions, there were 6 that included “financial redress”.

6.6 The information governance and complaint team continue to work with the Corporate Management Team, Directorate Management Teams as well as with individual service areas to identify areas for improvement or shared learning opportunities.

<https://www.lgo.org.uk/information-centre/councils-performance/council/York%20City%20Council>

## **7. Consultation**

Not relevant for the purpose of this report.

## **8. Options**

Not relevant for the purpose of this report.

## **9. Analysis**

Not relevant for the purpose of this report.

## **10. Council Plan**

10.1 The council's information governance framework offers assurance to its customers, employees, contractors, partners and other stakeholders that all information, including confidential and personal information, is dealt with in accordance with legislation and regulations and its confidentiality, integrity and availability is appropriately protected.

## **11. Implications**

Relevant implications are set out in the body of the report

## **12. Risk Management**

The council may face financial and reputational risks if the information it holds is not managed and protected effectively. For example, the ICO can currently impose civil monetary penalties up to 20million euros for serious data security breaches The failure to identify and manage information risks may diminish the council's overall effectiveness. Individual(s) may be at risk of committing criminal offences.

## **13. Recommendations**

Members are asked:

- To note the sustained performance levels
- To note the work already completed as well as the ongoing work required to ensure the Council meets its information governance and complaint handling and responding, responsibilities.

Contact Details

Author:  
Lorraine Lunt  
Information Governance &  
Feedback Team Manager  
Telephone: 01904 552247

Chief Officer Responsible for the report:  
Andy Docherty  
Assistant Director  
Telephone: 01904 551004

Report  
Approved



Date

7 September  
2018

**Wards Affected:** List wards or tick box to indicate all

All

For further information please contact the author of the report

**Annexes**

Annex 1 – Performance scorecard

Annex 2 – LGSCO annual letter

Annex 3 – LGSCO decisions

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**KPI Machine Data Quality Template** This Template shows KPIs provided by Lorraine Lunt where data has been updated within the last three hours. Only KPIs that have been updated are shown and newly uploaded or edited data is highlighted in yellow.

Please check to ensure that the new data has been entered correctly. If you have any concerns or queries please contact [business.intelligence@york.gov.uk](mailto:business.intelligence@york.gov.uk).

PIID	Definition	Update Frequency	Data Type	Apr	May	Jun	Q1	Year
FOI01-01	FOI & EIR - Total Received - (YTD)	Quarterly	Number	-	-	-	554	2018/2019
FOI01-02	FOI (Freedom of Information) - Total Received - (YTD)	Quarterly	Number	-	-	-	363	2018/2019
FOI01-03	EIR (Environmental Information Regulations) - Total Received - (YTD)	Quarterly	Number	-	-	-	191	2018/2019
FOI01-04	FOI & EIR - Total Received	Quarterly	Number	-	-	-	554	2018/2019
FOI01-05	FOI (Freedom of Information) - Total Received	Quarterly	Number	-	-	-	363	2018/2019
FOI01-06	EIR (Environmental Information Regulations) - Total Received	Quarterly	Number	-	-	-	191	2018/2019
FOI02-01	FOI & EIR - In time - (YTD)	Quarterly	Number	-	-	-	514	2018/2019
FOI02-01a	FOI & EIR - % In time - (YTD)	Quarterly	Percentage	-	-	-	92.80%	2018/2019
FOI02-02	FOI (Freedom of Information) - In time - (YTD)	Quarterly	Number	-	-	-	331	2018/2019
FOI02-02a	FOI (Freedom of Information) - % In time - (YTD)	Quarterly	Percentage	-	-	-	91.20%	2018/2019
FOI02-03	EIR (Environmental Information Regulations) - In time - (YTD)	Quarterly	Number	-	-	-	183	2018/2019
FOI02-03a	EIR (Environmental Information Regulations) - % In time - (YTD)	Quarterly	Percentage	-	-	-	95.80%	2018/2019
FOI02-04	FOI & EIR - In time	Quarterly	Number	-	-	-	514	2018/2019
FOI02-04a	FOI & EIR - % In time	Quarterly	Percentage	-	-	-	92.80%	2018/2019
FOI02-05	FOI (Freedom of Information) - In time	Quarterly	Number	-	-	-	331	2018/2019
FOI02-05a	FOI (Freedom of Information) - % In time	Quarterly	Percentage	-	-	-	91.20%	2018/2019
FOI02-06	EIR (Environmental Information Regulations) - In time	Quarterly	Number	-	-	-	183	2018/2019
FOI02-06a	EIR (Environmental Information Regulations) - % In time	Quarterly	Percentage	-	-	-	95.80%	2018/2019
FOI03-01	FOI & EIR - Out of time - (YTD)	Quarterly	Number	-	-	-	40	2018/2019
FOI03-01a	FOI & EIR - % Out of time - (YTD)	Quarterly	Percentage	-	-	-	7.20%	2018/2019
FOI03-02	FOI (Freedom of Information) - Out of time - (YTD)	Quarterly	Number	-	-	-	32	2018/2019
FOI03-02a	FOI (Freedom of Information) - % Out of time - (YTD)	Quarterly	Percentage	-	-	-	8.80%	2018/2019
FOI03-03	EIR (Environmental Information Regulations) - Out of time - (YTD)	Quarterly	Number	-	-	-	8	2018/2019
FOI03-03a	EIR (Environmental Information Regulations) - % Out of time - (YTD)	Quarterly	Percentage	-	-	-	4.20%	2018/2019
FOI03-04	FOI & EIR - Out of time	Quarterly	Number	-	-	-	40	2018/2019
FOI03-04a	FOI & EIR - % Out of time	Quarterly	Percentage	-	-	-	7.20%	2018/2019
FOI03-05	FOI (Freedom of Information) - Out of time	Quarterly	Number	-	-	-	32	2018/2019
FOI03-05a	FOI (Freedom of Information) - % Out of time	Quarterly	Percentage	-	-	-	8.80%	2018/2019
FOI03-06	EIR (Environmental Information Regulations) - Out of time	Quarterly	Number	-	-	-	8	2018/2019
FOI03-06a	EIR (Environmental Information Regulations) - % Out of time	Quarterly	Percentage	-	-	-	4.20%	2018/2019
FOI05-01	DP (Data Protection Act) / SAR (Subject Access Request) - Total Received - (YTD)	Quarterly	Number	-	-	-	35	2018/2019

FOI05-02	DP (Data Protection Act) / SAR (Subject Access Request) - In time - (YTD)	Quarterly	Number	-	-	-	29	2018/2019
FOI05-02a	DP (Data Protection Act) / SAR (Subject Access Request) - % In time - (YTD)	Quarterly	Percentage	-	-	-	82.80%	2018/2019
FOI05-03	DP (Data Protection Act) / SAR (Subject Access Request) - Out of time - (YTD)	Quarterly	Number	-	-	-	6	2018/2019
FOI05-03a	DP (Data Protection Act) / SAR (Subject Access Request) - % Out of time - (YTD)	Quarterly	Percentage	-	-	-	17.10%	2018/2019
FOI05-05	DP (Data Protection Act) / SAR (Subject Access Request) - Total Received	Quarterly	Number	-	-	-	35	2018/2019
FOI05-06	DP (Data Protection Act) / SAR (Subject Access Request) - In time	Quarterly	Number	-	-	-	29	2018/2019
FOI05-06a	DP (Data Protection Act) / SAR (Subject Access Request) - % In time	Quarterly	Percentage	-	-	-	82.80%	2018/2019
FOI05-07	DP (Data Protection Act) / SAR (Subject Access Request) - Out of time	Quarterly	Number	-	-	-	6	2018/2019
FOI05-07a	DP (Data Protection Act) / SAR (Subject Access Request) - % Out of time	Quarterly	Percentage	-	-	-	17.10%	2018/2019
TC01	Constitution	Annual	Text	-	-	-	Compliant	2018/2019
TC02	Expenditure Exceeding £500	Quarterly	Text	-	-	-	Compliant	2018/2019
TC03	Senior Salaries	Annual	Text	-	-	-	Compliant	2018/2019
TC04	Social Housing Asset Value	Annual	Text	-	-	-	Compliant	2018/2019
TC05	Trade Union Facility Time	Annual	Text	-	-	-	Compliant	2018/2019
TC07	Fraud	Annual	Text	-	-	-	Compliant	2018/2019
TC08	Government Procurement Card Transactions	Quarterly	Text	-	-	-	Compliant	2018/2019
TC09	Grants to Voluntary, Community and Social Enterprise Organisations	Annual	Text	-	-	-	Compliant	2018/2019
TC10	Local Authority Land Assets	Annual	Text	-	-	-	Compliant	2018/2019
TC11	Organisation Chart	Annual	Text	-	-	-	Compliant	2018/2019
TC12	Parking Account	Annual	Text	-	-	-	Compliant	2018/2019
TC13	Parking Spaces	Annual	Text	-	-	-	Compliant	2018/2019
TC14	Pay Multiple	Annual	Text	-	-	-	Compliant	2018/2019
TC15	Procurement Information	Quarterly	Text	-	-	-	Compliant	2018/2019

# Local Government & Social Care OMBUDSMAN

18 July 2018

*By email*

Mary Weastell  
Chief Executive  
City of York Council

Dear Mary Weastell,

## **Annual Review letter 2018**

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) about your authority for the year ended 31 March 2018. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

### **Complaint statistics**

In providing these statistics, I would stress that the volume of complaints does not, in itself, indicate the quality of the council's performance. High volumes of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Low complaint volumes can be a worrying sign that an organisation is not alive to user feedback, rather than always being an indicator that all is well. So, I would encourage you to use these figures as the start of a conversation, rather than an absolute measure of corporate health. One of the most significant statistics attached is the number of upheld complaints. This shows how frequently we find fault with the council when we investigate. Equally importantly, we also give a figure for the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. Both figures provide important insights.

I want to emphasise the statistics in this letter reflect the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

In last year's annual review letter, I had concerns about the Council's complaint handling. This year my investigators have had some concerns about delays in responding to our enquiries or draft decisions. However, the major issue raised in my letter last year was the Council's use of section 32(3) confidentiality notices. In response to last year's letter you invited my Assistant Ombudsman to meet with you to discuss matters. This was a positive meeting where clear progress was made. There have been no further inappropriate section 32(3) notice issued by your Council. It is to the Council's credit that it has addressed my concerns in a positive way and made improvements to how it responds to our complaint enquiries.

### **Future development of annual review letters**

Last year, we highlighted our plans to move away from a simplistic focus on complaint volumes and instead turn focus onto the lessons that can be learned and the wider improvements we can achieve through our recommendations to improve services for the many. We have produced a new [corporate strategy](#) for 2018-21 which commits us to more comprehensively publish information about the outcomes of our investigations and the occasions our recommendations result in improvements to local services.

I would like to take this opportunity to express my thanks for your Council volunteering to be involved with this project which seeks to improve the way we record and publish data about remedies. This is an important area of our work, which will help highlight the positive impact complaints can have on improving the way public services are delivered. We very much appreciate the time you have offered to help make this project a success. We will also be making changes to the format of our annual letters as a result and will be engaging with councils on this early next year.

### **Supporting local scrutiny**

One of the purposes of our annual letters to councils is to help ensure learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of our key priorities. We have created a dedicated section of our website which contains a host of information to help scrutiny committees and councillors to hold their authority to account – complaints data, decision statements, public interest reports, focus reports and scrutiny questions. This can be found at [www.lgo.org.uk/scrutiny](http://www.lgo.org.uk/scrutiny). I would be grateful if you could encourage your elected members and scrutiny committees to make use of these resources.

### **Learning from complaints to improve services**

We share the issues we see in our investigations to help councils learn from the issues others have experienced and avoid making the same mistakes. We do this through the [reports](#) and other resources we publish. Over the last year, we have seen examples of councils adopting a positive attitude towards complaints and working constructively with us to remedy injustices and take on board the learning from our cases. In one great example, a county council has seized the opportunity to entirely redesign how its occupational therapists work with all of its districts, to improve partnership working and increase transparency for the public. This originated from a single complaint. This is the sort of culture we all benefit from – one that takes the learning from complaints and uses it to improve services.

### **Complaint handling training**

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2017-18 we

delivered 58 courses, training more than 800 people. We also set up a network of council link officers to promote and share best practice in complaint handling, and hosted a series of seminars for that group. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M King', with a stylized flourish at the end.

Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

**Local Authority Report:** City of York Council  
**For the Period Ending:** 31/03/2018

For further information on how to interpret our statistics, please visit our website:  
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

## Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
13	6	7	11	7	4	4	7	0	59

## Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
4	1	11	15	10	13	57%	54

### Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.  
 The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

### Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
12	0

Reference	Category	Decided	Decision	Remedy
16010726	Housing	22/08/2017	Not Upheld	Null
16010789	Education & Childrens Services	21/06/2017	Upheld	Other Remedy
16011694	Adult Care Services	24/04/2017	Not Upheld	Null
16013834	Environmental Services & Public Protection & Regulation	24/08/2017	Upheld	Apology
16014507	Benefits & Tax	03/04/2017	Upheld	Apology,Financial Redress
16015090	Adult Care Services	02/06/2017	Not Upheld	Null
16015675	Education & Childrens Services	20/07/2017	Upheld	Apology,Financial Redress,Procedure Change
16015949	Planning & Development	05/05/2017	Not Upheld	Null
16017596	Education & Childrens Services	17/10/2017	Upheld	Financial redress: Avoidable distress/time and trouble,Other Remedy
16018259	Environmental Services & Public Protection & Regulation	06/04/2017	Closed after initial enquiries	Null
16018387	Housing	28/04/2017	Referred back for local resolution	Null
16019375	Benefits & Tax	20/06/2017	Upheld	Apology,Reimbursement/unquantified payment
17000455	Housing	12/05/2017	Closed after initial enquiries	Null
17001556	Adult Care Services	29/09/2017	Upheld	Financial Redress: Quantifiable Loss,Procedure or policy change/review
17001606	Environmental Services & Public Protection & Regulation	24/05/2017	Closed after initial enquiries	Null
17003272	Adult Care Services	30/05/2017	Referred back for local resolution	Null
17003435	Highways & Transport	18/07/2017	Closed after initial enquiries	Null
17003854	Corporate & Other Services	08/06/2017	Incomplete/Invalid	Null
17003923	Education & Childrens Services	08/09/2017	Not Upheld	Null
17004255	Adult Care Services	15/01/2018	Not Upheld	Null
17004510	Education & Childrens Services	29/08/2017	Not Upheld	Null
17005312	Education & Childrens Services	16/10/2017	Not Upheld	Null
17005774	Environmental Services & Public Protection & Regulation	15/01/2018	Not Upheld	Null
17006828	Education & Childrens Services	25/01/2018	Upheld	Null
17006885	Corporate & Other Services	25/08/2017	Closed after initial enquiries	Null
17007141	Adult Care Services	26/02/2018	Upheld	Apology,Financial redress: Avoidable distress/time and trouble,Procedure or policy change/review
17007744	Adult Care Services	02/11/2017	Closed after initial enquiries	Null
17008043	Housing	12/01/2018	Upheld	Apology
17008093	Benefits & Tax	14/09/2017	Referred back for local resolution	Null
17008547	Adult Care Services	24/08/2017	Incomplete/Invalid	Null
17009808	Education & Childrens Services	15/09/2017	Referred back for local resolution	Null
17010026	Adult Care Services	15/03/2018	Upheld	Provide information/advice
17010136	Highways & Transport	20/10/2017	Closed after initial enquiries	Null
17010612	Environmental Services & Public Protection & Regulation	07/11/2017	Closed after initial enquiries	Null
17010876	Corporate & Other Services	03/10/2017	Referred back for local resolution	Null
17010955	Benefits & Tax	29/03/2018	Not Upheld	Null
17011339	Environmental Services & Public Protection & Regulation	05/03/2018	Upheld	Apology,Financial redress: Avoidable distress/time and trouble,Other Remedy
17011782	Highways & Transport	20/11/2017	Closed after initial enquiries	Null
17011908	Corporate & Other Services	24/11/2017	Referred back for local resolution	Null
17012138	Benefits & Tax	25/10/2017	Incomplete/Invalid	Null
17013171	Planning & Development	08/12/2017	Incomplete/Invalid	Null
17013287	Adult Care Services	15/11/2017	Referred back for local resolution	Null
17014200	Planning & Development	30/01/2018	Closed after initial enquiries	Null
17014548	Corporate & Other Services	22/01/2018	Closed after initial enquiries	Null
17014707	Housing	25/01/2018	Closed after initial enquiries	Null
17014960	Education & Childrens Services	12/01/2018	Closed after initial enquiries	Null
17015698	Benefits & Tax	08/01/2018	Referred back for local resolution	Null
17015759	Benefits & Tax	31/01/2018	Referred back for local resolution	Null
17015821	Adult Care Services	23/03/2018	Upheld	Apology
17016727	Environmental Services & Public Protection & Regulation	01/03/2018	Closed after initial enquiries	Null
17016886	Housing	29/01/2018	Advice given	Null
17018062	Planning & Development	16/03/2018	Closed after initial enquiries	Null
17018807	Environmental Services & Public Protection & Regulation	01/03/2018	Referred back for local resolution	Null
17019891	Planning & Development	21/03/2018	Referred back for local resolution	Null

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**Audit and Governance Committee**

19 September 2018

Report of the Deputy Chief Executive/Director of Customer & Corporate Services

**Audit & Governance Committee Forward Plan to July 2019****Summary**

1. This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to July 2019.

**Background**

2. There are to be six fixed meetings of the Committee in a municipal year. To assist members in their work, attached as an annex is the indicative rolling forward plan for meetings July 2019. This may be subject to change depending on key internal control and governance developments at the time. A rolling forward plan of the Committee will be reported at every meeting reflecting any known changes.
3. There has been one amendment to the forward plan since the last version was presented to the Committee in July. The Mazars Annual Audit letter has been brought forward from December to September.

**Consultation**

4. The forward plan is subject to discussion by members at each meeting, has been discussed with the Chair of the Committee and key corporate officers.

**Options**

5. Not relevant for the purpose of the report.

**Analysis**

6. Not relevant for the purpose of the report.

## **Council Plan**

7. This report contributes to the overall effectiveness of the council's governance and assurance arrangements contributing to an 'Effective Organisation'.

## **Implications**

8.
  - (a) **Financial** - There are no implications
  - (b) **Human Resources (HR)** - There are no implications
  - (c) **Equalities** - There are no implications
  - (d) **Legal** - There are no implications
  - (e) **Crime and Disorder** - There are no implications
  - (f) **Information Technology (IT)** - There are no implications
  - (g) **Property** - There are no implications

## **Risk Management**

9. By not complying with the requirements of this report, the council will fail to have in place adequate scrutiny of its internal control environment and governance arrangements, and it will also fail to properly comply with legislative and best practice requirements.

## **Recommendations**

10.
  - (a) The Committee's forward plan for the period up to July 2019 be noted.

### Reason

To ensure the Committee receives regular reports in accordance with the functions of an effective audit committee.

(b) Members identify any further items they wish to add to the Forward Plan.

Reason

To ensure the Committee can seek assurances on any aspect of the council's internal control environment in accordance with its roles and responsibilities.

**Contact Details**

**Author:**

**Chief Officer Responsible for the report:**

Emma Audrain  
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**Report  
Approved**



**Date**

**Specialist Implications Officers**

None

**Wards Affected:** Not applicable

**All**

**For further information please contact the author of the report**

**Annexes**

Annex A - Audit & Governance Committee Forward Plan to July 2019

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## Annex A

### Audit & Governance Committee Draft Forward Plan to July 2019

Training/briefing events will be held at appropriate points in the year to support members in their role on the Committee.

Item	Lead officers	Other contributing Organisations	Scope
<b>Committee 5th December 2018</b>			
Treasury Management Mid Year Review 18/19 and review of prudential indicators	<u>CYC</u> Debbie Mitchell		To provide an update on treasury management activity for the first six months of 2018/19
Internal Audit & Fraud progress report	<u>Veritau</u> – Max Thomas/ Richard Smith		An update on progress made in delivering the internal audit work plan for 2018/19 and on current counter fraud activity
Review of the effectiveness of the Audit & Governance Committee	<u>Veritau</u> – Max Thomas/ Richard Smith		Review of the effectiveness of committee - committee to determine approach.
Whistleblowing Policy	<u>Veritau</u> – Max Thomas/ Richard Smith		An update on the council's whistleblowing policy and arrangements.
Key Corporate Risks Monitor	<u>CYC</u> Sarah Kirby		Update on Key Corporate Risks (KCRs) including: KCR5 – Safeguarding: A vulnerable child or adult with care and support needs is not protected from harm
Information Governance & Complaints)	<u>CYC</u> Lorraine Lunt		To provide Members with an update on current information governance issues.
<i>Changes to the Constitution (If any)</i>			

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<b>Committee 6<sup>th</sup> February 2019</b>			
Scrutiny of the Treasury Management strategy statement and Prudential indicators	<u>CYC</u> Debbie Mitchell		To provide an update on treasury management activity for the first six months of 2018/19
Mazars Audit Progress Report	<u>Mazars</u> – Gareth Davies/ Jon Leece		To present a report summarising the outcome of the 2017/18 audit and work on the value for money conclusion.
Counter Fraud: Risk Assessment & Review of policies	<u>Veritau</u> – Max Thomas/ Richard Smith		An update to the committee on counter fraud arrangements and action taken as part of the counter fraud strategy. To include a review of the fraud risk assessment and any updates to the counter fraud strategy and policy.
Audit & Counter Fraud Plan & Consultation	<u>Veritau</u> – Max Thomas/ Richard Smith		Consultation with the committee on its priorities for internal audit and counter fraud work for 2019/20.
Information Governance & Complaints	<u>CYC</u> Lorraine Lunt		To provide Members with an update on current information governance issues.
<b>Committee 6<sup>th</sup> March 2019</b>			
Scrutiny of the Treasury Management strategy statement and Prudential indicators	<u>CYC</u> Debbie Mitchell		To provide an update on treasury management activity for the first six months of 2018/19
Mazars Audit Progress Report	<u>Mazars</u> – Gareth Davies/ Jon Leece		To present a report summarising the outcome of the 2017/18 audit and work on the value for money conclusion.
Internal Audit Follow up of Audit Recommendations Report	<u>Veritau</u> – Max Thomas/ Richard Smith		This is the regular six monthly report to the committee setting out progress made by council departments in implementing actions agreed as part of internal audit work
Internal Audit & Fraud Plan Progress Report	<u>Veritau</u> – Max Thomas/ Richard Smith		An update on progress made in delivering the internal audit work plan for 2018/19 and on current counter fraud activity
Key Corporate Risks	<u>CYC</u>		Update on Key Corporate Risks (KCRs) including:

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Monitor	Sarah Kirby		KCR6 – Health and Wellbeing: Failure of Health and Wellbeing Board to deliver outcomes, resulting in the health and wellbeing of communities being adversely affected
<b>Committee June 2019</b>			
Draft Statement of Accounts incl. Annual Governance Statement	<u>CYC</u> Emma Audrain/ Debbie Mitchell		To present the draft Statement of Accounts to the Committee prior to the 2017/18 Audit including the Annual Governance Statement
Annual Report of the Audit & Governance Committee	<u>CYC</u> Emma Audrain/ Debbie Mitchell		To seek Members' views on the draft annual report of the Audit and Governance Committee for the year ended 6 <sup>th</sup> March 2019, prior to its submission to Full Council.
Treasury Management Outturn Report	<u>CYC</u> Emma Audrain/ Debbie Mitchell		To provide Members with an update on the Treasury Management Outturn position for 2017/18.
Mazars Audit Progress Report	<u>Mazars – Gareth Davies/ Jon Leece</u>		Update report from external auditors detailing progress in delivering their responsibilities as the Council's external auditors
Annual Report of the Head of Internal Audit	<u>Veritau –</u> Max Thomas/ Richard Smith		This report will summarise the outcome of audit and counter fraud work undertaken in 2017/18 and provide an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal control
Key Corporate Risks Monitor	<u>CYC</u> Sarah Kirby		Update on Key Corporate Risks (KCRs) including: KCR7 – Capital Programme: Failure to deliver the Capital Programme which includes high profile projects
<b>Committee July 2019</b>			
Mazars Audit Completion Report	<u>Mazars – Gareth Davies/ Jon Leece</u>		Report from the Councils external auditors setting out the findings of the 2018/19 Audit.
Final Statement of Accounts 2018/19	<u>CYC</u> Debbie Mitchell/ Emma Audrain		To present the final audited Statement of Accounts following the 2018/19 Audit.
Key Corporate Risks Monitor	<u>CYC</u> Sarah Kirby		Update on Key Corporate Risks (KCRs) including: KCR 8 - LOCAL PLAN: Failure to develop a Local Plan could

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			result in York losing its power to make planning decisions and potential loss of funding
Information Governance & Complaints	<u>CYC</u> Lorraine Lunt		To provide Members with an update on current information governance issues.
<b>Other Items to be brought to the Committee - date</b>			