



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

To:	Councillors N Barnes (Chair), Dew (Vice-Chair), Cuthbertson, Fenton, Flinders, Kramm and Lisle Mr Mendus and Mr Bateman
Date:	Wednesday, 22 June 2016
Time:	5.30 pm
Venue:	The Thornton Room - Ground Floor, West Offices (G039)

AGENDA

1. Declarations of Interest

Members are asked to declare:

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

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

2. Minutes (Pages 1 - 8)

To approve and sign the minutes of the meeting of the Audit & Governance Committee held on 10 May 2016.

3. Public Participation

At this point in the meeting members of the public who have registered their wish to speak regarding an item on the agenda or an issue within the Committee's remit can do so. The deadline for registering is **5:00 pm on Tuesday 21 June 2016.**

Filming, Recording or Webcasting Meetings

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

Residents are welcome to photograph, film or record Councillors and Officers at all meetings open to the press and public. This includes the use of social media reporting, i.e. tweeting. Anyone wishing to film, record or take photos at any public meeting should contact the Democracy Officer (whose contact details are at the foot of this agenda) in advance of the meeting.

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 https://www.york.gov.uk/downloads/file/6453/protocol_for_webcasting_film_and_recording_council_meetingspdf

4. Draft Annual Governance Statement (Pages 9 - 28)

This report presents the draft Annual Governance Statement (AGS) 2015/16 for approval.

5. Annual Report of the Audit and Governance Committee (Pages 29 - 42)

This report seeks Members' views on the draft Annual Report of the Audit and Governance Committee for the year ended 13 April 2016, prior to its submission to Full Council.

6. Contract Procedure Rules Update (Pages 43 - 76)

This report sets out proposed changes to the current Contract Procedure Rules.

7. Mazars Audit Progress Report (Pages 77 - 92)

This report from Mazars provides an update on their progress in delivering their responsibilities as City of York Council's external auditors. The report also highlights key emerging national issues and developments.

8. Annual Report of the Head of Internal Audit (Pages 93 - 152)

This report summarises the outcome of audit and fraud work undertaken in 2015/16 and provides an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal audit.

9. Internal Audit Charter (Pages 153 - 168)

Members are asked to approve changes to the Council's Internal Audit Charter.

10. Update on Information Governance including Local Government Transparency Code 2015 (Pages 169 - 264)

This report provides Members with:

- An update on the Information Commissioners Office (ICO) audit
- A compliance update report on the Transparency Code 2015
- Information on the current consultation by the Department for Communities and Local Government (DCLG) on changes to the Local Government Transparency Code 2015.

11. Forward Plan (Pages 265 - 270)

This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to April 2017.

12. Urgent Business

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

Democracy Officer:

Name: Jayne Carr

Contact Details:

Telephone – (01904) 552030

Email – jayne.carr@york.gov.uk

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

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

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 میا کی جا سکتی ہیں۔ (Urdu)

 (01904) 551550

City of York Council

Committee Minutes

Meeting	Audit & Governance Committee
Date	10 May 2016
Present	Councillors N Barnes (Chair), Dew (Vice-Chair), Cullwick, Fenton, Gunnell, Kramm and Lisle
Apologies	Mr Mendus and Bateman

Part A - Matters Dealt with Under Delegated Powers

66. 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.

Councillor Barnes declared a personal interest in respect of agenda item 7 – Project Management Report as his employer was a sponsor of one of the future occupants of the Community Stadium which was one of the projects referred to in the report.

67. Minutes

Resolved: That the minutes of the meeting of 13 April 2016 be approved as a correct record and then signed by the Chair.

68. Public Participation

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme. Ms Gwen Swinburn expressed concern that, in respect of the Public Interest Report, the only action that the Executive had referred to the Audit and Governance Committee was to consider changes to the Council Procedure Rules and Webcasting Protocol. The committee had not been requested to carry out a constitutional governance review. Ms Swinburn also expressed concern regarding the contents of the committee's Forward Plan and the way in which reports were

presented. She suggested that the committee should give consideration to issues such as the Council's property portfolio.

69. Treasury Management Annual Report and Review of Prudential Indicators 2015/16

Members considered a report which presented the draft Treasury Management Annual Report and Review of Prudential Indicators 2015/16 which provided an updated on treasury management activity.

Members noted that the report was still in draft form whilst final calculations were completed as part of the year end process.

Officers responded to Members' questions on the report, including clarifying the debt position and the Capital Funding Requirement.

Resolved: That the Treasury Management Annual Report and Review of Prudential Indicators 2015/16, as detailed at Annex A of the report, be noted.

Reason: To ensure that those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

70. Update on Information Governance

Members considered a report which provided:

- A progress update on the Information Commissioners Office (ICO) audit recommendations and action plan;
- An update on information governance;
- The council's plans to meet the request to provide details on ICO cases where the outcome was against the council.

Officers stated that good progress had been made in implementing the action plan that had been put in place following the ICO audit, as evidenced in Annex 1 of the report. Members stated that it would be useful if future updates included revised implementation dates where appropriate and the reasons for this.¹

Members noted that the ICO was expected to undertake a desk-based review during the week commencing 23 May 2016 to assess the progress that had been made in implementing their recommendations. The findings would be reported back to the committee.

Resolved: That the report be noted.

Reason: To ensure that Members are kept updated on matters in respect of information governance.

Action Required

1. Consider request to include this information in future reports LL

71. Project Management Report

Members considered a report which presented an update on the project management framework to inform them of areas of the framework that were being strengthened and to provide an update on major projects. Members were also asked to consider any further data that they would wish to see included in future updates.

Members welcomed the progress that had been made in project management. It was agreed that, on a quarterly basis, the committee would continue to receive update reports providing an overview on project management. It was noted that the Audit and Governance Committee could refer to other committees, any concerns it had regarding specific projects.

Members requested that consideration be given to including data in future reports which indicated the direction of travel for projects as well as the current situation. The reports should also clearly highlight projects which were high risk.¹

Resolved: That the report be noted.

Reason: To ensure that the committee is kept updated on key programme and project activity.

Action Required

1. Seek to incorporate this data into future reports DA

72. **Sickness Absence Management**

Members considered a report which responded to specific issues identified in the Attendance Management (follow-up) memo dated 18 January 2016. The report also outlined the wider actions and plans in place to manage sickness absence in the council, including the implementation of iTrent absence management, which was a recommendation of the audit and which would improve the recording of sickness absence across the council.

At the request of Members, officers explained the reasons why sickness absence had not been recorded on the iTrent system at an earlier stage. They stated that it had not been possible to do so in light of other priority issues including ensuring that the payroll and pension modules of the system were functioning effectively.

At the request of Members, officers gave details of the percentage of the absences that were stress related and they confirmed that actions were in place to try to address this situation. Details were given of the strategies that had been put in place to support staff wellbeing. The council was also seeking accreditation under the Workforce Wellbeing Charter.

Members requested that the following additional information be circulated to them¹:

- Benchmarking information from other Local Authorities
- The Report of the Sickness Absence Scrutiny Review of May 2013
- Breakdown of the sickness absence figures for 2015/16 by directorate and identifying whether or not the figures included sickness absence in schools
- Information on the Workforce Wellbeing Charter

[Following the meeting this information was also added to the online agenda papers for the meeting]

Members agreed that they would wish a further update report to be presented to the committee to enable the progress in implementing the absence management module of the iTrent system to be monitored.

Resolved: (i) That the report be noted.

- (ii) That an update report on Sickness Absence Management be presented to the committee at their meeting on 7 December 2016.

Reason: To ensure that Members are aware of the key issues and the response to recommendations to secure improvements in control arrangements around sickness absence.

Action Required

- 1. Provide information requested

PS

73. Council Motions

Members considered a report that detailed the process for implementing and actioning Council motions. The report had been presented in response to the committee's request at their meeting on 10 February 2016.

Resolved: That the report be noted.

Reason: To inform Members of the method of implementing and actioning Council motions.

74. Group Leaders' Meetings

Members considered a report which responded to the committee's request for information on the terms of reference of the Group Leaders' meeting and its role in local democracy.

Members requested that the report be circulated to the Group Leaders for information.¹

Resolved: That the report be noted.

Reason: To ensure that Members are aware of the terms of reference of the Group Leaders' meetings as requested.

Action Required

- 1. Circulate as requested.

AD

75. Audit and Governance Committee's Forward Plan

Members considered a paper which presented the future plan of reports expected to be presented to the committee during the forthcoming year to February 2017.

Members were invited to identify any further items they wished to see added to the Forward Plan.

Resolved: That, subject to the following amendments which had been agreed during the course of the meeting, the Forward Plan be approved¹:

- Update on Sickness Absence Management (meeting of 7 December 2016)
- Update on Project Management (meeting of 27 July 2016 and not 22 June as previously scheduled)

Reason: To ensure that the committee receives regular reports in accordance with the functions of an effective audit committee and can seek assurances on any aspect of the Council's internal control environment in accordance with its roles and responsibilities.

Part B - Matters Referred to Council

76. Matter Referred from Executive - Public Interest Report City of York Trading

Members considered a resolution which had been referred by the Executive to the Audit and Governance Committee on 28 April 2016. The resolution requested that the Audit and Governance Committee gave consideration to proposed changes to the Council Procedure Rules and the Council's Webcasting Protocol.

Officers clarified that, if the proposed amendment to the Council Procedure Rules was adopted, rule 14.7 would read *"In exercising his or her public participation rights a member of the public is entitled to express views, positive or negative, about the performance of the Council but must not:*

- *Say anything which is defamatory or discriminatory;*
- *Make any personal attack on an officer;*

- *Disclose confidential or exempt information including personal information”.*

Members gave consideration to the Protocol for Webcasting, Filming and Recording of Council Meetings, as detailed at Annex 2 of the report to the Executive. Members suggested that if a decision was taken to edit any webcast or filmed material the reason for the editing should be stated.

- Recommended: (i) That the proposed amendment to Council Procedure Rule 14.7 be adopted.
- (ii) That paragraph 7 of the existing “Protocol for Webcasting, Filming and Recording of Council Meetings” be revised to read *“The Chief Executive will, in consultation with Group Leaders, make the final decision on editing any webcast or filmed material to be broadcast or published in connection with any Council meeting. The reason for any decision to edit a webcast or filmed material will be published.”*

Reason: In order to address the recommendations highlighted in the Public Interest Report.

77. Scheme of Delegations

Members considered a report which sought their views on changes to the Officer Scheme of delegations.

Officers stated that the review of the Scheme of Delegations was part of the ongoing review of the Council’s Constitution.

Members were informed that the majority of powers covered by the Officer Scheme of Delegations related to executive functions although some significant non-executive functions were also covered, including planning and licensing functions. For this reason the new scheme of delegations required the approval of the Leader in so far as it related to executive functions and Full Council in respect of non-executive functions. The Leader and

Deputy Leader had requested the views of the committee on the draft scheme.

Members gave particular consideration to paragraph 1.7 of the draft scheme, which detailed the circumstances in which a director may refer a matter to Full Council, the Executive, a committee of the Council or an Executive Member.

Members were invited to submit any further comments to the Monitoring Officer prior to the publication of the agenda for the Full Council meeting on 21 July 2016.

Recommended: That the scheme of delegations, as detailed at Annex A of the report, be adopted.

Reason: To ensure that an appropriate scheme of delegation is in place.

Councillor N Barnes, Chair

[The meeting started at 5.30 pm and finished at 7.35 pm].



Audit and Governance Committee

22nd June 2016

Report of the Director of Customer & Business Support Services

Annual Governance Statement 2015/16**Summary**

1. The purpose of this report is to present the draft Annual Governance Statement (AGS) 2015/16 for approval. The AGS is attached as Annex A and a signed version as agreed by the Leader and Chief Executive of the council will accompany the Statement of Accounts 2015/16.
2. The AGS continues to form part of the Statement of Accounts, however it is now considered as an accompanying document rather than a core statement. The Draft Statement of Accounts will be approved by the S151 Officer by the 30th June and will be reviewed by this Committee at the meeting in July 2016. The final version of the Statement of Accounts will be approved by this Committee, at the meeting in September 2016.
3. During the preparation process for the 15/16 AGS, the latest guidance and governance statements of a number of other authorities were reviewed in order to compare both the style of presentation and content to enable the AGS for York to include any additional best practice on top of the basic requirements set out in CIPFA/ SOLACE Framework – ‘Delivering Good Governance in Local Government’ which the Council already meets. The Chief Executive and Leader of the Council have also both reviewed the Statement as part of the preparation process.

Background

4. The Accounts and Audit Regulations 2003 imposed a legal requirement on all local authorities to conduct a review of the effectiveness of systems of internal control and to publish

Statements of Internal Control (SIC) as part of the annual accounts.

5. In 2007, CIPFA/SOLACE published an updated Framework document. The new document '*Delivering Good Governance in Local Government Framework*' set out six core principles of governance which authorities are required to adopt. In accordance with this requirement, the council has a local Code of Governance which reflects the CIPFA/SOLACE framework.
6. The Framework introduced the requirement on local authorities to prepare an Annual Governance Statement (AGS) instead of a SIC from 2007/08 onwards. In preparing the AGS it is necessary to address the overall governance arrangements of the organisation rather than specifically the systems of internal control.

Preparation Process

7. In compiling the 2015/16 AGS, the Governance Statement of the Authorities set out below were reviewed. Copies of the Authorities Governance Statements can be found within their Statement of Accounts at the links below.

- a. North Yorkshire County Council

<http://www.northyorks.gov.uk/article/26180/Financial-information>

- b. Calderdale Council

<http://www.calderdale.gov.uk/council/finances/accounts/>

- c. Bath and North East Somerset Council

<http://www.bathnes.gov.uk/services/your-council-and-democracy/budgets-and-spending/annual-accounts>

- d. Hull Council

http://www.hullcc.gov.uk/portal/page?_pageid=221,139503&_dad=portal&_schema=PORTAL

8. The review confirmed that whilst there are a number of

presentational options used by other authorities, the content of York Council's AGS is compliant with both recent and statutory guidance, and is comparable to similar Authorities.

9. The presentation of the significant governance issues in the 2015-16 AGS has been enhanced to a table format in 2015/16 and expanded to also include more general issues relating to service delivery and national challenges which whilst not significant governance issues in themselves represent important issues which affect the Council across all areas. This includes in particular the financial challenges, the Local Plan, Adult Social Care and Devolution. This approach is in line with other Councils preparation of Governance statements
10. Both the significant governance issues and more general issues facing the Council are presented in the table at section 5 in the AGS along with details of actions taken/ planned, and where follow up reports will be taken to allow transparent monitoring during the year.
11. In compiling the 2015/16 AGS, a range of sources of evidence have been gathered and analysed. These have then been reviewed by the Officer Governance and Assurance Group (GAG), which includes senior management and internal audit, to consider the following:
 - a. the adequacy and effectiveness of key controls, both within individual directorates and across the council
 - b. any control weaknesses or issues identified by the Section 151 Officer and Monitoring Officer
 - c. any control weaknesses or issues identified and included in the annual report of the Head of Internal Audit, presented to the council's Audit and Governance Committee
 - d. significant issues and recommendations included in reports received from the external auditors, Mazars/ or other inspection agencies;
 - e. the results of internal audit and fraud investigation work undertaken during the period;
 - f. the views of those members and officers charged with responsibility for governance, together with managers who have responsibility for decision making, the delivery of services and ownership of risks;

- g. the council's risk register and any other issues highlighted through the Council's risk management arrangements
 - h. the outcomes of service improvement reviews and performance management processes
 - i. progress in dealing with control issues identified in the 2014/15 Annual Governance Statement.
 - j. The councils counter fraud strategy and the level of conformance to the CIPFA code of practice on managing the risk of fraud and corruption
12. Local authorities are required to use judgement in deciding whether control weaknesses are significant and hence require disclosure in the AGS. The Governance and Assurance Group (GAG) have therefore evaluated all the control issues identified through the review process and considered which should be disclosed in the AGS as a significant control weakness. A control weakness is considered to be significant where:
- a) the issue has seriously prejudiced or prevented achievement of a principal council aim or objective;
 - b) the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from another aspect of the council's services;
 - c) the issue has led to a material impact on the accounts;
 - d) the Audit and Governance Committee has advised that it should be considered significant for this purpose;
 - e) the Head of Internal Audit has reported on it as significant in the annual opinion on the Council's internal control environment;
 - f) the issue, or its impact, has attracted significant public interest or has seriously damaged the council's reputation;
 - g) the issue has resulted in formal action being taken by the S151 Officer and/or the Monitoring Officer.
13. The items that the Governance and Advisory Group (GAG) have agreed meet the criteria above have been

published within Section 5 of the AGS in the enhanced issues disclosure table as set out in paragraphs 9-10.

Monitoring of AGS Action Plans

14. The Governance and Assurance Group (GAG) will have oversight and regularly monitor the progress of all AGS actions. Follow up reports will also be brought back to the relevant Committees during the year as set out in the Significant Issues table to keep members updated on the progress being made in improving the issues raised.

Consultation

15. Not relevant for the purposes of this report

Options

16. Not relevant for the purpose of the report.

Analysis

17. Not relevant for the purpose of the report.

Corporate Priorities

18. This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything it does. It specifically contributes to the Effective Organisation priority in the Corporate Strategy.

Implications

19. The implications are;
 - **Financial** – there are no financial implications other than the time required to undertake the review of key controls and prepare the AGS and that it will form part of the published statement of Accounts for 2015/16.
 - **Human Resources (HR)** – there are no HR implications to this report.
 - **Equalities** - there are no equalities implications to this report.

- **Legal** - there is a legal requirement for the council to publish an Annual Governance Statement as part of the annual Statement of Accounts.
- **Crime and Disorder** – there are no crime and disorder implications to this report.
- **Information Technology (IT)** - there are no IT implications to this report.
- **Property** - there are no property implications to this report.

Risk Management Assessment

20. The council will fail to comply with legislative requirements if it does not publish an Annual Governance Statement with the annual Statement of Accounts. The council would be criticised by the external auditor if the process followed to prepare the Annual Governance Statement was not sufficiently robust.

Recommendation

21. Members are asked to consider and approve the AGS 2015/16, particularly the significant governance issues identified in section 5 of the Statement.

Reason

To enable Members to consider the effectiveness of the council's governance framework, and in particular the significant control issues.

Contact Details

Author:

Emma Audrain
Technical Accountant
Te: 01904 551170

Chief Officer Responsible for the report:

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

**Report
Approved**



Date 14 June
2016

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

- CIPFA/SOLACE – ‘Delivering Good Governance in Local Government’ – Framework and Guidance Note for English Authorities’ (2007)
- CIPFA/SOLACE – Application Note to Delivering Good Governance in Local Government:a Framework (March 2010)
- Accounts and Audit Regulations 2011
- 2014/15 Annual Governance Statement
- CIPFA – The role of the Chief Finance Officer (2010)

Annexes

Annex A – Draft Annual Governance Statement 2015/16

This page is intentionally left blank

ANNUAL GOVERNANCE STATEMENT

1. SCOPE OF RESPONSIBILITY

City of York Council (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the council is also responsible for putting in place proper arrangements for the governance of its affairs, which facilitate the effective exercise of the council's functions and which includes arrangements for the management of risk.

The council has approved and adopted a code of corporate governance, which is consistent with the principles of CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is in the council's Constitution and on the council's website. This statement explains how the council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit (England) Regulations 2015, and accompanies the 2015/16 Statement of Accounts of the Council. It is a requirement to produce this Statement under regulation 6 (1)_ b of the Accounts and Audit (England) Regulations and that it is approved by the Audit Committee in advance of them agreeing the Statement of Accounts.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values, by which the council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The overall Governance Framework, and in particular the system of internal control, described in this Statement, has been in place within the Council for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts for 2015/16.

ANNUAL GOVERNANCE STATEMENT

3. THE GOVERNANCE FRAMEWORK

The requirement to have a robust governance framework and sound system of internal control covers all of the council's activities. The internal control environment within the council consists of a number of different key elements, which taken together contribute to the overall corporate governance framework. The key elements of the governance framework within the council consist of strategic planning processes, political and managerial structures and processes, management and decision making processes, policies and guidance, financial management, compliance arrangements, risk management, internal audit, counter fraud activities, performance management, consultation and communication methods and partnership working arrangements.

Strategic Planning Processes

The council has in place a strategic planning process, informed by community and member consultation, that reflects political and community objectives and acts as the basis for corporate prioritisation. The council's Council Plan expresses the council's Key priorities until 2019. The aims and associated milestones are refreshed each year. The council has also developed a standard directorate and service planning process which integrates priority setting with resource allocation and performance management.

Political and Managerial Structures and Processes

The full Council is responsible for agreeing overall policies and setting the budget. The Executive, which meets monthly, is responsible for decision making within the policy and budget framework set by full Council. The Corporate Management Team (CMT), which meets weekly, has responsibility for implementing council policies and decisions, providing advice to members and for coordinating the use of resources and the work of the council's directorates. The Executive and CMT monitor and review council activity to ensure corporate compliance with governance, legal and financial requirements. The Chief Finance Officer (Director of CBSS) (Customer and Business Support Services) and the Monitoring Officer (Head of Governance and ICT) review reports before they are presented to the Executive to ensure that all legal, financial and other governance issues have been adequately considered.

The council implemented new scrutiny arrangements during 2009/10 and continues to seek to develop and improve these arrangements. During 2015 further improvements included the early publication of forward items for Executive, to allow for pre decision of Scrutiny items.

There is an Audit and Governance Committee which acts as the responsible body charged with governance on behalf of the Council. In doing so it provides independent assurance on the adequacy of the risk management framework and the associated control environment, independent scrutiny of the council's financial and non-financial performance to the extent that it affects the council's exposure to risk and weakens the control environment, it oversees the financial reporting process and approves the Final Statement of Accounts.

A Joint Standards Committee comprising members of the City Council and Parish Councils is responsible for promoting good ethical governance within the organisation and within local Parish Councils. The Standards Committee is also responsible for adjudicating in cases where a complaint is made against a Member of either, the City of York Council, or the parish councils within its administrative boundary. The council has appointed independent persons to assist in making decisions on complaints and in promotion of high standards generally.

Peer Review:

In March 2016, the council opted to undergo a Peer challenge to assess how well we are meeting our aims to shape and deliver a strong vision for the authority and its services for the city. The Peer review team focused on three specific areas:

ANNUAL GOVERNANCE STATEMENT

- Progress since the previous LGA peer challenges undertaken in June 2013 and November 2014
- Behaviours and relationships
- Future plans

Details of the Peer challenge and resulting action plan can be found on the Council's website at the link below:

https://www.york.gov.uk/info/20036/performance_and_policies/31/peer_challenge

ICO audit

The Information Commissioner's Office (ICO) undertook a voluntary audit at the Council in August 2015. This onsite audit covered records management, subject access requests and data sharing. The ICO's overall opinion was that there was limited assurance with scope for improvement but that there was also good practice in a number of areas including archive and storage arrangements, information security checks and data sharing.

The council responded to the 90 recommendations for improvements to existing arrangements by formally documenting procedures and implementing further compliance measures. A follow up audit assessment in June 2016 by the ICO showed that the Council had completed 31 recommendations in full, 58 partially (with completion in the next 3 months) with 1 not yet completed. This provided assurance to the ICO that the agreed recommendations has been appropriately implemented mitigating risks identified thereby supporting data protection legislation and implementing good practice.

Management and Decision Making Processes

Corporate management and leadership at officer level is led by CMT, and is supported and developed through the Corporate Leadership Group (CMT plus Assistant Directors). Decisions are operated in accordance with the Council's constitution. The Council has a Workforce Strategy which sets out the way the Council will develop the skills of our staff to help deliver our key priorities effectively.

Policies and Guidance

Specific policies and written guidance exist to support the corporate governance arrangements and include:

- The council's Constitution
- Codes of Conduct for Council Members and Council Officers
- Protocol on Officer/Member Relations
- Financial Regulations and Procurement Rules
- Member and Officer Schemes of delegation
- Registers of Council Members' interests, gifts and hospitality
- Registers of Council Officers' interests, gifts and hospitality
- Corporate policies, for example those relating to Whistleblowing, the Prosecution of Fraud and Corruption and dealing with complaints
- Asset Management Plan
- Strategic Risk Register

Many codes and protocols form part of the constitution and are monitored for effectiveness by the Governance and Assurance Group (GAG). Amendments to the constitution are normally scrutinised by the Audit & Governance Committee prior to approval by full Council.

ANNUAL GOVERNANCE STATEMENT

Financial Management

The Director of Customer & Business Support Services (as the Section 151 Officer) has the overall statutory responsibility for the proper administration of the council's financial affairs, including making arrangements for appropriate systems of financial control.

The council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) in that:

- he is a key member of the Corporate Management Team, helping it to develop and implement strategy and to resource and deliver the council's strategic objectives sustainably and in the public interest;
- he is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and aligned with the council's financial strategy; and
- he leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

In delivering these responsibilities:

- he leads and directs a finance function that is resourced to be fit for purpose; and
- he is professionally qualified and suitably experienced.

The council operates a system of delegated financial management within a corporate framework of standards and financial regulations, comprehensive budgetary control systems, regular management information, administrative procedures (including the segregation of duties) and management supervision. The financial management system includes:

- A Medium Term Financial Plan highlighting key financial risks and pressures on a 5 year rolling basis
- An annual budget cycle incorporating Council approval for revenue and capital budgets as well as treasury management strategies
- Annual Accounts supporting stewardship responsibilities, which are subjected to external audit and which follow best professional practice as set out in the Chartered Institute of Public Finance and Accountancy's guidance and International Financial Reporting Standards
- Joint budget and performance monitoring as outlined in the section on Performance Management below.

Compliance Arrangements

Ongoing monitoring and review of the council's activities is undertaken by the following officers to ensure compliance with relevant policies, procedures, laws and regulations:

- The Section 151 Officer
- The Monitoring Officer
- The Head of Internal Audit
- Finance officers and other relevant service managers.

The Council's Monitoring Officer has a statutory responsibility for ensuring that the council acts lawfully and without maladministration.

Compliance with the council's governance arrangements is subject to ongoing scrutiny by the external auditors, Mazars and other external agencies. The Governance and Assurance Group (GAG) also monitors, reviews and manages the development of the council's corporate governance arrangements. The group includes the Section 151 Officer, the Monitoring Officer and the Head of

ANNUAL GOVERNANCE STATEMENT

Internal Audit as well as other key corporate officers and is responsible for drafting the Annual Governance Statement on behalf of the Chief Executive, Leader and Audit & Governance Committee.

Risk Management

The council has adopted a formal system of Risk Management. Although responsibility for the identification and management of risks rests with service managers, corporate arrangements are co-ordinated by the Risk Management Service to ensure that:

- the council's assets are adequately protected
- losses resulting from hazards and claims against the council are mitigated through the effective use of risk control measures
- service managers are adequately supported in the discharge of their responsibilities in respect of risk management.

The system of risk management includes the maintenance of a risk register, to which all directorates have access. The risk register includes corporate, operational, project and partnership risks, in accordance with best practice in local government. The risk register is used to monitor risks and identify appropriate action plans to mitigate risks. Relevant staff within the Council have also received training, guidance and support in risk management principles. These risk management arrangements and the Corporate Risk Register containing the Council's key strategic risks are monitored by CMT and the Audit & Governance Committee.

Internal Audit and Fraud

The council also operates internal audit and fraud investigation functions in accordance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. The service in 2015/16 was provided by Veritau Limited, a shared service company jointly established by the Council and North Yorkshire County Council. Veritau's internal audit & counter fraud teams undertake an annual programme of review covering financial and operational systems and including systems, regularity, and probity audits designed to give assurance to members and managers on the effectiveness of the governance, risk management and control environment operating within the council. Through its work Veritau also provides assurance to the Section 151 Officer in discharging his statutory review and reporting responsibilities. In addition the team:

- provides advice and assistance to managers in the design, implementation and operation of controls
- helps to maintain the council's counter fraud arrangements including policy framework
- supports managers in the prevention and detection of fraud, corruption and other irregularities.

Performance Management

The council recognises the importance of effective performance management arrangements and established the Business Intelligence Hub. It has a Performance Management Framework (PMF), which sets out the formal arrangements for effective performance management at a directorate and corporate level, including both service and finance based monitoring. Each directorate reports finance and performance monitoring progress to members through the established Scrutiny arrangements.

Finance and Performance monitoring is reported regularly at CMT and Executive, and there is ongoing regular discussion of financial performance at CMT to ensure that the Council is able to manage the major savings programmes.

ANNUAL GOVERNANCE STATEMENT

Consultation and Communication Methods

The council communicates the vision of its purpose and intended outcomes for all stakeholders to enable accountability and encourage open consultation. To enable this, analysis of the council's stakeholders is undertaken and relevant and effective channels of communication are developed. The Council has in place an Engagement Strategy and media protocol. Examples of communication and consultation include:

- communication of community and corporate strategies
- publishing an annual Statement of Accounts and Performance Report to inform stakeholders and services users of the previous year's achievements and outcomes
- the annual report on the performance of the scrutiny function
- opportunities for the public to engage effectively with the council including attending meetings and watching meetings live or recorded at www.york.gov.uk/webcasts
- residents' surveys and consultations via www.york.gov.uk/consultations including public consultation events – in the council offices, libraries, public transport and supermarkets
- budget and other consultation processes including statutory public notices
- providing a place for businesses, organisations and residents to publicly share their data, for free, so that anybody can connect to hundred's of up-to-date, searchable data sets and use them to make a difference in their local area at <https://www.yorkopendata.org/>
- citywide publications such as Our City and Your Ward and Streets Ahead (for 8,000 council tenants)
- internal communications within City of York Council to ensure staff and arms length partners are kept informed of communications
- regular interaction via the council's social media channels including Twitter and Facebook
- involvement in devolved budget decision-making at ward level
- customer feedback through the council's complaints procedure or other direct service feedback processes.

Partnership working arrangements

The overall governance framework established by the council contributes to effective partnership and joint working arrangements. The council has developed methodology and protocols during the year to ensure that partnerships operate effectively across the Council.

4. REVIEW OF EFFECTIVENESS

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the systems of internal control. In preparing this Statement a review of corporate governance arrangements and the effectiveness of the council's systems of internal control has been undertaken, co-ordinated by the Governance and Assurance Group (GAG), which comprises the Director of Customer & Business Support Services (the Section 151 Officer), the Assistant Director of Customer & Business Support Services - Governance & ICT (the Monitoring Officer), and the Head of Internal Audit (Veritau Ltd). The review included consideration of:

- the adequacy and effectiveness of key controls, both within individual directorates and across the council
- any control weaknesses or issues identified and included on the Disclosure Statements signed by the Section 151 Officer and Monitoring Officer
- any control weaknesses or issues identified and included in the annual report of the Head of Internal Audit, presented to the council's Audit and Governance Committee
- significant issues and recommendations included in reports received from the external auditors, Mazars/ or other inspection agencies
- the results of internal audit and fraud investigation work undertaken during the period

ANNUAL GOVERNANCE STATEMENT

- the views of those members and officers charged with responsibility for governance, together with managers who have responsibility for decision making, the delivery of services and ownership of risks
- the council's risk register and any other issues highlighted through the Council's risk management arrangements
- the outcomes of service improvement reviews and performance management processes
- progress in dealing with control issues identified in the 2014/15 Annual Governance Statement.
- The councils counter fraud strategy and the level of conformance to the CIPFA code of practice on managing the risk of fraud and corruption

Having considered all the principles, we are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. The Council recognises an ongoing need to review its governance arrangements, and to respond to external reports and changes in legislation to ensure it continues to learn, improve systems, and ensure compliance with relevant legislation.

This on-going review of the effectiveness of governance and internal control systems is also informed by the work of Veritau who have responsibility for providing assurance on the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

5. SIGNIFICANT GOVERNANCE ISSUES

On the basis of the review work carried out it was considered that the majority of the governance and internal control arrangements continue to be regarded as fit for purpose in accordance with the governance framework during the financial year 2015/16. There were however some areas identified which require attention to address weaknesses and ensure continuous improvement of governance and internal control arrangements.

Also included in the table below are more general issues relating to service delivery and national challenges which whilst not significant governance issues in themselves, represent important issues which affect the Council across all areas. This includes in particular the financial challenges, the Local Plan, Adult Social Care and Devolution. This approach is in line with other Councils preparation of Governance statements.

	Issue	Action taken to date/ Planned 2016/17	Reports/ Decisions to be presented to
1	<p>Financial Risks</p> <p>(i) Pressures - Impact of funding reductions -</p> <p>The Council continues to face significant funding pressures and changes to both national and regional funding regimes which naturally present a potential risk to the Council's overall Governance arrangements.</p> <p>(ii) Major capital projects</p> <p>The Council has a number of major capital projects at different stages, including the Community Stadium,</p>	<p>The MTFS reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This informs the budget process for future years. The council has set a one year budget in 2016/17 with services setting a 4 year direction of travel. Further update on the strategy, and the Councils response to the Governments offer to authorities that agree an efficiency plan will be taken to Executive in June/July.</p> <p>There are significant risks associated with the range of major schemes which have been identified in various reports.</p>	<p>Executive/ Council</p> <p>Executive/ Council</p>

ANNUAL GOVERNANCE STATEMENT

	York Central, and the Older Peoples Accommodation Programme (including Burnholme)	<p>Ongoing regular reporting to various member meetings, alongside effective Project Management will be essential to ensure risks can be mitigated/ managed.</p> <p>The Council has put in place dedicated project management expertise for its major projects, and invested in a project management system to manage programme/cost risks attached to these major projects</p>	<p>Audit & Governance Committee</p> <p>Scrutiny Committees</p>
2	<p>Local Plan</p> <p>Officers produced a publication draft Local Plan in autumn 2014. This process, however, was halted by Council resolution on the 9th October 2014. Following the Local Government Elections in May 2015 the agreement between the Conservative and Liberal Democrat Groups, to establish a joint administration for City of York Council from May 21st 2015 indicates that:</p> <p>‘We will prepare an evidence-based Local Plan which delivers much needed housing whilst focusing development on brownfield land and taking all practical steps to protect the Green Belt and the character of York.’</p> <p>Planning policy sits within a national regulatory framework; non-compliance with that framework means that planning decisions by the local authority can be successfully challenged both in the Courts and through the Secretary of State. In addition failure to adopt a compliant Local Plan, given the expectations embodied in the National Planning Policy Framework (NPPF) leaves undeveloped areas of the city vulnerable to development proposals which the Council will be unable to stop.</p> <p>Also given Ministerial statements failure to progress a plan could lead to interventions by Government into the City’s planning services along with the removal of funding such as New Homes Bonus</p>	<p>In response to both the Council resolution and the changed context officers have initiated a work programme cumulating in a document focusing on housing and employment land. This document and supporting technical documents will be reported to Members in June. It is anticipated, subject to Member approval, that the document will be published for the six week consultation in July.</p> <p>The reports to Members in June will also sets out a project plan for the progression of the Local Plan. It will highlight the intention to consult on a publication draft plan early in 2017 following which it will be submitted to Government. This will be followed by an ‘Examination in Public’. This is a form of public inquiry where an independent planning inspector, appointed by the Secretary of State, will ‘test’ the document to see if it meets the requirements of the relevant legislation and to see if it is ‘sound’. Soundness is tested by considering whether the document is justified; effective and consistent with national policy. This could last up to 12 months.</p>	<p>Executive/ Council</p>

ANNUAL GOVERNANCE STATEMENT

3	<p>Adults/ Health Risks - Challenges of Better Care Act/ Pool budgets</p> <p>Adult Social Care is the biggest area of spend (excepting Housing Revenue Account and Education). There is an increasing and ageing population with more complex needs which could dominate council finance's in years to come.</p> <p>The Department continues to implement new duties imposed under the Care Act 2014 as well as pooling budgets with the Vale of York Clinical Commissioning Group in the Better Care Fund, a step in the longer term ambition to integrate Health and Social Care</p>	<ul style="list-style-type: none"> • Regular budget monitoring meetings and reports with all levels of budget managers within the Department • Robust plans in place to deliver savings proposals and develop mitigating actions where savings are not being met • Development of a new operating model which will prevent, reduce, delay and manage an individual's care needs and reduce the number of people needing ongoing statutory agency based support • Increase in reablement and community based support • Increase use of community assets and capacity • Ambition to pool more budgets in order to achieve system wide efficiencies and improve the customer/resident experience • Ensure appropriate governance is in place for the pooled budgets • Attendance at the appropriate level of cross organisation meetings to ensure Council's best interests and strategic aims are met • Complete the national stocktakes relating to how successful implementation of the Care Act has been and what further needs doing • Review Universal Information and Advice in line with the Care Act to support people to self manage • Change culture of workforce and population to promote self care/ management • Comprehensive Service plans with clear objectives 	Executive/ Health and Wellbeing Board, Scrutiny
4	<p>Devolution –</p> <p>Ensuring the Council is best positioned to be able to take advantage of devolution opportunities with particular benefit for the local economy</p>	Ongoing dialogue with neighbouring councils to maximise impacts	Executive
5	<p>External Reports from Mazars -</p> <p>Public Interest Report - During the year a Public Interest report was presented to Full Council. In summary this concluded that there were failings in governance by the</p>	The Council Responded to each of the 10 recommendations and action is underway to address each issue, including a report taken to executive on 28th April 2016. Further reports are	Executive

ANNUAL GOVERNANCE STATEMENT

	<p>Council, and that important governance issues should be applied to ensure future good governance of the Council's relationship with all of its trading companies. Ten specific Recommendations were made in the report</p> <p>Review of Project Management Arrangements for the Transformation Programme - A number of recommendations were issued in respect of:</p> <ol style="list-style-type: none"> 1) Programme Initiation 2) Programme Governance, Decision making & Communication 3) Programme Management & Resourcing 4) Procurement Process 5) Approach to Alternative solution 	<p>planned in June 2016.</p> <p>A number of reports have been taken to the A&G Committee during 2015/16 setting out the processes now in place for Project Management within the Council. This will continue to be monitored and further update reports presented to the Committee in 2016/17</p>	<p>Audit & Governance Committee</p>
6	<p>Information Governance - (Information security existing issue from 2014/15 statement) -</p> <p>(i) Information security - due to the nature of the issue there remains ongoing risks in terms of control of data, particularly in electronic form, and risks of financial, service and reputational damage.</p> <p>(ii) Information Governance</p> <ul style="list-style-type: none"> - Risk to individuals - Corporate risks - Compliance risks 	<p>Internal audit security checks have been undertaken during 2015/16 which have seen higher levels of security than previously. Further checks will be undertaken during 2016/17 and the committee will receive an update report during the year.</p> <p>The Council responded to the recommendations from the ICO audit during the year with 31 completed in full and 58 partially completed (due to be fully completed in 3 months)</p> <p>A highly visible campaign (Th!nk Privacy) was delivered to drive home the importance of information and data security delivered to staff and councilors.</p> <p>The CYC ICT Cloud security policy was developed and implemented, and the CYC Electronic Communications policy was distributed via MetaCompliance.</p> <p>Further actions planned for 2016/17 include completing the recommendations from the ICO audit, and carrying out a review of both the records management policy and the subject access request process.</p>	<p>Audit & Governance Committee</p> <p>Audit & Governance Committee</p>

ANNUAL GOVERNANCE STATEMENT

		The committee will receive an update report on progress during the year.	
7	<p>Absence Management - (Existing Issue from 2014/15 Statement) -</p> <p>Internal Audit work carried out during the year highlighted continuing inconsistencies in the recording of sickness on iTrent and evidence of supporting documentation. Along with a lack of progress in implementing the new iTrent module.</p>	<p>An Absence Management Project group has been established with the purpose of implementing the iTrent Absence Management module. Regular update reports will continue to be brought to the Audit & Governance Committee in 2016/17 to allow progress to be monitored</p>	Audit & Governance Committee
8	<p>Risk Management -</p> <p>The Council needs to reliably manage its risks to meet its strategic objectives and agreed priorities. This is particularly important given the range of issues/challenges set out in this AGS, and the range of complex projects, transformation, and changing legislation the Council has to respond to.</p>	<p>Ongoing reports will be presented to Audit Committee during the year including a risk appetite statement. This is intended primarily to offer a framework for members and senior officers to provide context around risk scores when these are provided as part of risk information.</p>	Audit & Governance Committee

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed
S Stewart
Acting Chief Executive

Dated

Signed
Cllr D Carr
Leader of the Council

Dated

This page is intentionally left blank



Audit and Governance Committee

22 June 2016

Report of the Chair of the Audit Committee

Annual Report of the Audit and Governance Committee

Summary

- 1 This report seeks Members' views on the draft annual report of the Audit and Governance Committee for the year ended 13th April 2016, prior to its submission to Full Council.

Background

- 2 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to local authorities to help ensure that audit committees operate effectively. The guidance recommends that audit committees should report annually on how they have discharged their responsibilities.

Annual Report of the Audit and Governance Committee

- 3 A copy of the draft annual report of the Committee is attached at Appendix 1. A copy of the Committee's terms of reference as set out in Section 7, Part 3C of the Constitution is also attached to the report at Appendix 2, for information.

Options

- 4 This report sets out the proposed wording of the Committee's Annual Report. Members are asked to suggest alternative wording if necessary.

Analysis

- 5 Not relevant for the purpose of the report.

Corporate Priorities

- 6 This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do.

Implications

- 7 The implications are:

- **Financial** – none
- **Human Resources (HR)** – there are no HR implications to this report.
- **Equalities** – there are no equalities implications to this report.
- **Legal** – there are no legal implications to this report.
- **Crime and Disorder** – there are no crime and disorder implications to this report.
- **Information Technology (IT)** – there are no IT implications to this report.
- **Property** – there are no property implications to this report.

Risk Management

- 8 Assurance in respect of the council's arrangements for managing risk, the maintenance of effective controls including those designed to prevent and detect fraud, and compliance with relevant legislation, may not be provided if the Audit and Governance Committee does not effectively discharge its responsibilities.

Recommendations

- 9 Members are asked to:

- Consider and comment on the Annual Report of the Audit and Governance Committee prior to its submission to Full Council.

Reason

To enable the Committee to fulfil its role in providing assurance about the adequacy of the council's internal control environment and arrangements for managing risk and for reporting on financial and other performance.

Contact Details

Author:

Chief Officer Responsible for the report:

Emma Audrain
Technical Accountant
01904 551170

Ian Floyd
Director Customer & Business Support
Services
Telephone: 01904 551100

**Report
Approved**



Date 22/06/2016

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers:

None

This page is intentionally left blank

ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE

PURPOSE OF THE REPORT

To provide Members of the council with details of the work of the Audit and Governance Committee covering the year to 13th April 2016. The report also details how the Audit and Governance Committee has fulfilled its terms of reference.

BACKGROUND

The Audit and Governance Committee is responsible for overseeing the council's corporate governance, audit and risk management arrangements. The Committee is also responsible for approving the Statement of Accounts and the Annual Governance Statement. The functions of the Audit and Governance Committee are set out in Section 7, Part 3C of the Constitution. A copy of the list of the Committee's responsibilities is attached at **Appendix 2** for information.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to local authorities to help ensure that audit committees are operating effectively. The guidance recommends that audit committees should report annually on how they have discharged their responsibilities.

TRAINING

The Committee has continued to receive a number of training sessions during 2015/16 in order to assist the Committee in effectively fulfilling its responsibilities. These included:

- An Introduction to the work of the Audit & Governance Committee
- Statement of Accounts training session
- Various briefing/ demonstration sessions on Project Management
- A Training session provided by Bevan Brittan on the Audit Committees role, purpose and terms of reference, as well as the role of others, standards and codes of conduct, Access to information and use of social media amongst other items.
- Treasury Management training
- Risk Management training

WORK UNDERTAKEN

The Audit and Governance Committee has met on seven occasions in the year to 13th April 2016. During this period, the Committee has assessed the adequacy and effectiveness of the council's risk management arrangements, control environment and associated counter fraud arrangements through regular reports from officers, internal audit and the external auditors, Mazars. The Committee has sought assurance that action has been taken, or is otherwise planned, by management to address any risk related issues that have been identified by auditors or inspectors during this period. The Committee has also sought to ensure effective relationships exist between internal and external auditors, inspection agencies and other relevant bodies.

The specific work undertaken by the Committee is set out below by subcategory.

Risk

1. The Committee received a number of update reports on the key corporate risks for the Council during the year, along with the refreshed Key Corporate Risk Register 2015.
2. Members also received a paper presenting the council's Risk Based Verification Policy which the Committee approved.

Internal Audit and Counter Fraud

3. The Committee received and considered the results of internal audit work completed during the period and monitored the progress made by management to address identified control weaknesses.
4. Received, considered and approved the initial Internal Audit and Counter Fraud plan along with a number of update reports on the progress made throughout the year.
5. Received a report informing Members about potential fraud risks that the Council is exposed to, and proposed counter fraud activity to address those risks.
6. Considered a report which sought member's views on the priorities for internal audit for 2016/16, to inform the preparation of the Internal Audit plan.
7. Received the Annual Report of the Head of Internal Audit which

summarised the outcome of audit and fraud work undertaken in 2014/15 and provided an opinion on the overall adequacy and effectiveness of the council's internal control arrangements. Members scrutinised the significant control issues highlighted in the report and noted that these were reflected within the Annual Governance Statement.

External Audit

8. Received and considered a report presenting an audit review of the Elderly Person's Home Project, carried out by Mazars, along with an action plan developed by the Council in response to the key findings in the report.
9. Members also received a report detailing the findings of a review by Mazars of the programme and project management arrangements for the transformation programme.
10. Received a report from Mazars presenting the outcomes from the objection and closure of the 2013/14 audit.
11. Received and considered Mazars Audit Strategy Memorandum which set out the audit plan in respect of the audit of the Council's Financial statements for 2015/16 along with the Value for Money audit plan. The report summarised the audit approach, highlighted significant audit risks and provided details of the audit team.
12. Received and considered the Annual Audit Letter which summarised the outcome of the 2014/15 audit carried out by Mazars on the annual accounts and work on its value for money conclusion.. Members noted the findings of the audit contained in the report.
13. Received regular reports on the progress made by Mazars in meeting their responsibilities as the Council's external Auditor. The Committee were also kept updated on key emerging national issues and developments
14. As part of the Audit Progress report in April Members noted that Mazars had issued a Public Interest Report on governance issues in relation to City of York Trading Ltd (CYT) which was considered by Council on 26th February
15. Received and considered an Audit Completion report from Mazars

which summarised their audit conclusions for the year ended 31 March 2015.

Treasury

16. The committee continued the role of scrutinising the council's treasury management strategy and policies and considered both strategy statements and update reports during the year .
17. Members received and considered the annual treasury management strategy statement and prudential indicators for 2015/16, and also later considered a mid year review report updating members on the performance for the first six months of the year.
18. At Members' request, a report was also presented on Pension Investment in Fossil Fuels. This report was in response to a Council motion of 8 October 2015 which required a report to be presented to the Committee detailing York's current direct and indirect investments in fossil fuels, including current investment by North Yorkshire Pension Fund.
19. Members later received the Treasury Management Strategy Statement for 2016/17 to 2020/21. At the request of members the report also contained information on the Ethical Investment Policy.

Governance and Statement of Accounts

20. Considered and approved the Annual Governance Statement for 2014/15, noting that action plans would be put in place to address each of the significant governance issues identified. The Committee received various update reports from officers during the year on the progress that had been made on each of the items identified as significant governance issues.
21. Considered the Annual report of the Audit & Governance Committee prior to its submission to Full Council.
22. Initially considered a draft pre audited version of the Statement of Accounts for 2014/15 in June before approving the Final audited Statement of Accounts in September.

Democratic Governance

23. The Committee have received a number of reports related to Democratic Governance throughout the year including:
24. A Consultation report on Governance Issues. The new Council leadership wanted policy and scrutiny committees to have the opportunity to debate and make recommendations on matters requiring an executive decision before a final decision is taken. The report presented to members sought their views which were then fed back to Executive. The report also asked Members to consider further changes to /council Procedure Rules.
25. A report was presented which asked the Committee to give further consideration to the introduction of a Deputy Leader's report to Council. At a previous meeting members had considered the principle of introducing such a report and this paper put forward a specific proposal for consideration
26. A report presenting an update on actions being taken to progress the recommendations arising from the Local Government Association (LGA) peer reviews.

Other

27. At each meeting the Committee has maintained a rolling Forward Plan for meetings a year in advance, to ensure that its responsibilities are discharged in full and appropriate reports are scheduled to be brought by officers on a timely basis.
28. Received two progress reports providing Members with updates on the latest information governance developments.
29. At the Committees request received a report on Programme on Project Management outlining the arrangements in place in respect of project management to ensure transparency in general, but particularly in respect of projects with commercial sensitivities. The Committee also received a further follow up report later in the year providing information on the work the Council is carrying out to strengthen project and programme management.
30. Received a report presenting the statistics about the council's application of the Regulation of Investigatory Power Act 2000 (RIPA) which also described the council's progress in completing

the recommendations made following the most recent inspection by the Office of the Surveillance Commissioner (OSC).

31. Received a report presenting members with an update on the progress in delivering the Older Persons' Accommodation Programme
32. Members received a report providing an update on the Council's progress and performance in responding to Freedom of Information requests and scrutinised the contents.

Summary

33. The Audit & Governance Committee have considered a large number of reports during 2015-16 in carrying out their responsibility for overseeing the council's corporate governance, audit and risk management arrangements and providing assurance that the Council's financial and governance procedures are effective. The Committee has also carried out its duty in scrutinising the Statement of Accounts and Annual Governance statement prior to approval, alongside overseeing the appointment of two new independent co-opted members to the Committee for the upcoming year.

Cllr Neil Barnes
Chair of the Audit & Governance Committee

Part 3 C of the Constitution (Council Committees and Other Bodies)

7.1 The functions of the Audit & Governance Committee are:

No.	Delegated authority	Conditions
	Audit	
1	To consider the annual report and opinion of the Head of Internal Audit. The report should include a summary of internal audit activity in the relevant period and the level of assurance that can be given over the control environment and corporate governance arrangements at the Council	
2	To consider periodic reports from the Head of Internal Audit detailing the summary findings and the main issues arising from internal audit work.	
3	To consider reports dealing with the management and performance of the Internal and External Audit functions.	
4	To review the effectiveness of Internal Audit and the Committee itself on an annual basis.	
5	To consider reports of the Head of Internal Audit detailing the progress made by management to address control weaknesses identified by Internal or External Audit.	
6	To consider the action plan arising from the Annual Letter of the External Auditor.	With respect to the Annual Letter being first considered and accepted by the Executive
7	To consider all other relevant reports received from the External Auditor as scheduled in the forward plan for the	

No.	Delegated authority	Conditions
	Committee or otherwise requested by Members.	
8	To comment on the scope and depth of external audit work and ensure it provides value for money.	
9	To liaise with the Audit Commission over the appointment of the Council's External Auditor.	
10	To approve the Internal Audit Strategy	
11	To approve the Annual Plans of the Internal Audit Service and the External Auditor.	
12.	To commission work from the Internal Audit Service and External Audit with regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee.	Subject to budgetary provision.
Governance & Regulatory		
13.	To keep under review the Councils contract procedure rules, financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Joint Standards Committee).	
14	To review any relevant issue referred to it by the Chief Executive, S151 Officer, the Assistant Director (Financial Services)), the Monitoring Officer, the Head of internal Audit or any other Council body.	
15	To consider the effectiveness of the Councils arrangements for corporate governance (including information governance).	
16	To monitor the effective development and operation of risk management arrangements across the Council.	

No.	Delegated authority	Conditions
17	To assess the effectiveness of the Councils counter fraud arrangements including the Whistle blowing policy and other relevant counter fraud policies and plans.	
18	To consider the Councils compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.	
19	To bring to Full Council all proposals for amendment to this Constitution submitted by Members in accordance with this Constitution.	Subject to the advice of the Assistant Director of Governance and ICT.
	Annual Governance Statement and Accounts etc	
20	To approve the Statement of Accounts and the Annual Governance Statement.	
21	To consider the External Auditors report to those charged with governance on issues arising from the audit of the accounts.	
22	To scrutinise the Treasury Management Strategy and Monitoring Reports.	
	General	
23	To meet informally with the External Auditor and the Head of Internal Audit on a periodic basis to discuss audit related matters.	
24	To report on the discharge of the Committees responsibilities under the Constitution to Full Council on an annual basis.	
25	To maintain and participate in a programme of training relevant to the activities and responsibilities of the Committee	

This page is intentionally left blank



Audit & Governance Committee**22 June 2016****Contract Procedure Rules Update****Purpose of Report**

1. This report sets out proposed changes to the current Contract Procedure Rules.

Analysis

2. The current Contract Procedure Rules (CPRs) were approved by Council on 26 March 2015, following scrutiny by Audit & Governance Committee on the 11th February 2015. A number of relatively minor amendments are now required and the key changes proposed include;
 - a. Strengthening of the section on waivers
 - b. Including the use of Dynamic Purchasing Systems in the section on using frameworks
 - c. Clarification of the additional requirements when there is an incumbent supplier
 - d. Encouragement to use local suppliers and smaller businesses where appropriate to do so.
3. The changes proposed are mainly for clarification and are in response to concerns and queries that have arisen since the current CPRs have been in use. There are no substantive changes to the nature and tone of the rules.

Recommendation

4. Audit and Governance Committee are recommended to:
 - a. Comment on the Contract Procedure Rules attached at Annex A and
 - b. Recommend to Full Council approval of the revised Contract Procedure Rules attached at Annex A

Reason: to ensure appropriate governance of the Councils purchasing activity.

Author:	Chief Officer responsible for the report:		
Debbie Mitchell Finance & Procurement Manager Ext 4161	Ian Floyd Director of Customer & Business Support Services		
	Report Approved	√	Date 8 June 2016
Wards Affected: <i>All</i>			
<i>For further information please contact the author of the report</i>			

Annex A – Revised Contract Procedure Rules (with tracked changes)

CITY OF YORK COUNCIL

CONTRACT PROCEDURE RULES

[Version 4 – June 2016](#)

Deleted: Version 3 – January 2015



ANNEX A

1.	Basic Principles and Compliance	5
2.	Officer Responsibilities	5
	2.1. Authorised Officers	5
	2.2. Chief Officers.....	7
3.	Relevant Contracts	7
4.	Records	8
5.	Risk Assessment	9
6.	Advertising	9
7.	Powers and Key Decisions	9
8.	Framework Agreements.....	10
9.	Procurement Competition Requirements	12
	9.1 Competition Requirements	12
	9.2 Procurement up to and including £5,000	12
	9.3 Procurement over £5,000 and under £100,000.....	13
	9.4 Procurement over £100,000	13
	9.5 Waiver.....	14
	9.6 Contracts that are subject to the Public Contracts Regulations.....	14
	9.7 Assets for Disposal.....	15
10.	Pre-Tender Market Testing and Consultation.....	15
11.	Evaluation Criteria and Standards.....	15
	11.1 Evaluation Criteria	15
	11.2 Standards.....	16
12.	Invitation to Tender / Request for Quotation.....	16
13.	Shortlisting.....	16
14.	Submission, Receipt and Opening of Tenders / Quotations	17
	14.1 Tenders.....	17
	14.2 Quotations.....	17

ANNEX A

14.3	Electronic Arrangements	17
14.4	Hard Copy Arrangements	17
15.	E-auctions.....	18
16.	Clarification Procedures	19
17.	Evaluation, Financial Appraisal, Award of Contract and Debriefing of Organisations.....	19
17.1	Evaluation	19
17.2	Financial Appraisals	19
17.3	Award of Contract.....	19
17.4	Debriefing	20
18.	Post Tender Negotiation	20
19.	Ordering and Paying	21
20.	Contract Documents	21
20.1	Form of Procurement Documents.....	21
20.2	Form of Contract	22
20.3	Deeds.....	22
20.4	Contract Signature/Sealing.....	22
20.5	Legal Services Review of Tenders and Contracts	22
20.6	Bonds and Liquidated and Asset Damages	23
21.	Contract Extension and Variation.....	23
21.1	Extensions.....	23
21.2	Variations	23
22.	Termination of Contract	24
23.	Prevention of Corruption	25
24.	Declaration of Interests	25
25.	Contract Management / Monitoring	25
26.	Internal Providers.....	25
27.	External Body Grant Funding.....	25
28.	Waiver and Exemptions	25

ANNEX A

29. Breaches of CPRs 28

Appendix A – Definitions 29

Contract Procedure Rules

These Contract Procedure Rules (CPRs) set out the key responsibilities and actions that Officers and Directors must follow when undertaking procurements.

All procurements and contracting arrangements made by or on behalf of the Council must follow these CPRs. Rule 28 sets out the only circumstances in which the other Rules are specifically excluded or may be waived. Appendix A contains a series of definitions. Any term which is defined is shown in the CPRs beginning with a capital letter.

1. Basic Principles and Compliance

All procurement procedures and every contract entered into by the Council must:

- 1.1 realise value for money by achieving the optimum combination of whole life costs, and quality of outcome;
- 1.2 be consistent with the highest standards of integrity;
- 1.3 operate in a transparent manner;
- 1.4 ensure fairness in allocating public contracts;
- 1.5 comply with all legal requirements including the Public Contracts Regulations and the European Union (EU) treaty principles of proportionality, mutual recognition, transparency, non-discrimination and equal treatment;
- 1.6 comply with the Council's Constitution, these CPRs and the Council's Financial Procedure Rules;
- 1.7 comply with the Council's strategic objectives and policies, including the Council's Procurement Strategy and the Council's Employee and Member Codes of Conduct; and
- 1.8 comply with the guidance set out in the Procurement Toolkit which should be read in conjunction with these CPRs;

These CPRs shall be applied to the contracting activities of any partnership for which the Council is the accountable body unless the Council expressly agrees otherwise.

2. Officer Responsibilities

2.1. Authorised Officers

2.1.1 Authorised Officers shall comply with these CPRs, the Council's Constitution and with all UK and EU legal requirements. Authorised Officers must ensure that any agents, consultants and contractual partners acting on their behalf also comply with these requirements.

2.1.2 Authorised Officers shall:

- (i) ensure, in relation to any proposed procurement, that the proposed procurement expenditure is contained in a Forward Procurement Plan and contained within a approved budget secured prior to commencement of the procurement in accordance with the Financial Procedure Rules;

ANNEX A

- (ii) keep the records required by Rule 4 of these CPRs;
- (iii) take all necessary procurement, legal, financial and professional advice, taking into account the requirements of these CPRs;
- (iv) prior to letting a Contract on behalf of the Council, check whether:
 - (A) the Council already has an appropriate Contract in place in the Contracts Register; or
 - (B) an appropriate national, regional or other collaborative contract is already in place.
- (v) ensure that if the Council already has an appropriate Contract in place, that it is used, (unless it can be established that the Contract does not fully meet the Council's specific requirements (to be determined on a case by case basis)), following consultation with Commercial Procurement and Legal Services;
- (vi) ensure that if an appropriate national, regional or collaborative contract is available, consideration should be given to using this, provided the contract offers Best Value. Authorised Officers should consult with Commercial Procurement to discuss;
- (vii) ensure that when any employee, either of the Council or of a Provider, may be affected by any transfer arrangement, then any TUPE issues are considered and legal and HR advice from within the Council is obtained prior to proceeding with the procurement exercise;
- (viii) consult with all relevant stakeholders including Members, trade unions and service users where TUPE may apply to identify and assess all options to ensure the Council's required outcomes are achieved;
- (ix) in consultation with Commercial Procurement establish a written specification and evaluation criteria (where competition is involved) and procurement methodology which must be formally approved by the relevant Chief Officer;
- (x) consult and seek advice from Commercial Procurement prior to beginning a procurement where:
 - (A) TUPE applies; and/or
 - (B) the procurement exceeds £100,000 in aggregate for the whole contract period (including any extensions).
- (xi) register all completed procurements with a value of £5,000 or more on YORtender;

ANNEX A

- 2.1.3 Failure to comply with any of the provisions of these CPRs, the Council's Constitution or UK or EU legal requirements may be brought to the attention of the Monitoring Officer, Head of Internal Audit, or relevant Director as appropriate. Depending on the nature of the non-compliance this may result in disciplinary action being taken.

2.2 Chief Officers

Chief Officers shall:

- 2.2.1 ensure their service area complies fully with the requirements of these CPRs;
- 2.2.2 ensure contracts are recorded in the Contracts Register as held and maintained by Commercial Procurement;
- 2.2.3 work with Commercial Procurement to identify the total expenditure relating to a particular category of spend by developing a Category Plan;
- 2.2.4 ensure that their service area provides the requisite information to allow Commercial Procurement to maintain and update the Forward Procurement Plan;
- 2.2.5 ensure all procurement activity is undertaken by suitably skilled and experienced staff;
- 2.2.6 report any breaches of these CPRs to the Monitoring Officer and Chief Finance Officer.

3. Relevant Contracts

- 3.1 All Relevant Contracts must comply with these CPRs. A Relevant Contract is any arrangement made by, or on behalf of, the Council for the carrying out of works, supplies or services. These include arrangements for:
 - 3.1.1 the supply or disposal of goods;
 - 3.1.2 [the carrying out of building or engineering works](#)
 - 3.1.3 the hire, rental or lease of goods or equipment;
 - 3.1.4 the delivery of services, including (but not limited to) those related to:
 - (i) the recruitment of staff;
 - (ii) land and property transactions;
 - (iii) financial and consultancy services.
- 3.2 The following will not be classed as Relevant Contracts:
 - 3.2.1 contracts of employment which make an individual a direct employee of the authority;

ANNEX A

- 3.2.2 subject to Rule 3.3, agreements relating solely to the acquisition, disposal, or transfer of land (to which the Financial Procedure Rules apply);
 - 3.2.3 the payment of grants to third parties; or
 - 3.2.4 those contracts/arrangements which are specifically excluded in accordance with Rule 28.8 below.
- 3.3 The acquisition, disposal, or transfer of land which involve elements requiring the supply of works, goods and/or services to or on behalf of the Council will be treated as Relevant Contract and these CPRs shall apply to all aspects of the procurement of those works, goods and/or services. Officers shall ensure that they consult with Legal Services as appropriate to ensure compliance with this Rule 3.3.
- 3.4 While grants are not covered by these CPRs, the rules on the awarding of grants are set out in Part E of the Councils financial regulations and must be observed. The Council cannot simply choose to treat a procurement as a grant in order to avoid conducting a competitive process.

4. Records

- 4.1 The Public Contracts Regulations require contracting authorities to maintain the following comprehensive records of procurement activities:
- 4.1.1 contract details including value;
 - 4.1.2 selection decision;
 - 4.1.3 justification for use of the selected procedure;
 - 4.1.4 names of bidding organisations, both successful and unsuccessful;
 - 4.1.5 reasons for selection;
 - 4.1.6 reasons for abandoning a procedure.
- 4.2 The outcome of any competitive procurement process must be recorded in electronic format on YORtender. Information from YORtender will also be used for the tracking of procurement savings, sustainability benefits, and other data.
- 4.3 Commercial Procurement will also maintain the Contract Register which will record key details of all Contracts (including contract reference numbers) with an aggregate value of £5,000 or more or such other value as the Chief Finance Officer may agree from time to time.
- 4.4 Where a Contract has not been awarded using YORtender, Officers must ensure full details of that Contract are passed to the Chief Procurement Officer for inclusion in the Contract Register where the aggregate value of the Contract is £5,000 or more or such other value as the Chief Finance Officer may agree from time to time. Decisions as to why YORtender was not used must be recorded in writing and sent to Commercial Procurement.

ANNEX A

- 4.5 Full records of all contract documentation, quotations, estimates, tenders and any other correspondence pertinent to the award or acceptance of a Contract must be kept by Commercial Procurement for the duration of the Contract and a minimum of six years after the Contract has been concluded or twelve years after the Contract has been concluded where it is executed under common seal as a deed.
- 4.6 It is the responsibility of Chief Officers to ensure that all Contracts are properly entered into, administered and controlled to safeguard the Council's interests, secure Best Value and minimise the risk of theft, fraud and corruption.

5. Risk Assessment

- 5.1 All procurements which require an Invitation to Tender and/or Requests for Quotation (see Rule 9 below), must be supported by a risk assessment (where appropriate). This risk assessment must be carried out at the start of the procurement process and, where appropriate, shall include a Financial Appraisal in accordance with Rule 17.2.
- 5.2 The risk assessment process will identify where further specialist advice should be sought.
- 5.3 The approved risk log and matrix are available from Commercial Procurement.

6. Advertising

- 6.1 Officers must liaise with Commercial Procurement to ensure that the minimum advertising requirements, in line with EU treaty principles are met when conducting any procurement process (including Framework Agreements). Officers should refer to the further guidance in the Procurement Toolkit.

7. Powers and Key Decisions

- 7.1 In consultation with the Monitoring Officer, Directors shall ensure that the Council has the legal power to enter into any Contract..
- 7.2 Directors shall ensure that they have delegated powers to enter into any Contract or to grant another Officer authority to do so. No Contract may be entered unless an adequate budget is in place.
- 7.3 Where a decision has already been made by [Executive](#) or an [Executive](#), Member and the budget is in place to permit a course of action then further approval is not required to award contracts necessary to implement that decision. [Where schemes are included in the Capital Programme this has already been approved and further Executive approval is therefore not required.](#) However a copy of the relevant report must be sent to Commercial Procurement for audit purposes. It is recommended that the approval sought includes a specific delegation to the Authorised Officer to award the Contract at the conclusion of the procurement. In other circumstances the procedure set out in one of the clauses 7.4 to 7.7 below must be followed.
- 7.4 Where the aggregate contract value (including any extension) is £250,000 or less Directors may agree or authorise another Officer to enter a Contract under their delegated powers.

Deleted: Cabinet

Deleted: Cabinet

ANNEX A

- 7.5 Where the aggregate contract value is between £250,000 and £500,000 then the decision to enter the contract requires the approval of an [Executive](#) Member or the [Executive](#) unless the procurement is treated as Routine as defined in clause 7.7..
- 7.6 Where the aggregate contract value (including any extension) is £500,000 or more the decision will be regarded as a Key Decision unless the Chief Finance Officer acting in consultation with the Monitoring Officer has approved the procurement as Routine.
- 7.7 A Routine procurement is any arrangement that represents a low commercial and legal risk to the Council and relates to re-procurement of goods, services or works with a clearly defined specification that have been procured in a compliant manner previously. Where Officers consider a procurement process may be Routine, they are required to liaise with Commercial Procurement who will advise on the relevant paperwork to be submitted to the Chief Finance Officer. Authorisation to treat a procurement as Routine should be sought before the procurement process commences. A Director may enter a Contract where the procurement has been treated as Routine.
- 7.8 In relation to all Key Decisions, Authorised Officers must ensure that all authorisations are in place before the procurement process begins.
- 7.9 Notice of every Key Decision must be published on the Council's Forward Plan.
- 7.10 The [Executive](#) scheme of delegation requires that all Key Decisions (are reserved to the [Executive](#) unless specifically delegated to an [Executive](#) Member or an Officer or where the Leader and Chief Executive are acting in case of urgency.
- 7.11 This Rule 7 applies to all Relevant Contracts and all Framework Agreements (including call-offs) [or Dynamic Purchasing Systems](#).

Deleted: Cabinet

Deleted: Cabinet

Deleted: Cabinet

Deleted: Cabinet

Deleted: Cabinet

8. Framework Agreements

- 8.1 Framework Agreements are agreements between the Council (or other public sector bodies where applicable) and either:
- 8.1.1 one provider (**Single Provider Framework(s)**); or
- 8.1.2 three or more providers (**Multiple Provider Framework(s)**)
- for the provision of goods, works or services on agreed terms for a specific period, for estimated quantities against which orders may be placed if and when required during the contract period.
- 8.2 A list of approved Framework Agreements (including those established by other public sector bodies which the Council has access to) can be obtained from Commercial Procurement along with guidance on how certain approved Framework Agreements should be used. Call-offs contracts/orders under Approved Frameworks shall be [operated](#) in accordance with these CPRs and/or the requirements of the approved Framework Agreement itself where applicable (to be determined on a case by case basis). **Further advice should be sought from Commercial Procurement or Legal Services as required.** If an Authorised Officer wishes to use a Framework Agreement that is not an approved

Deleted: tendered

ANNEX A

Framework Agreement they must seek approval from the Chief Procurement Officer.

- 8.3 Authorised Officers (in conjunction with Commercial Procurement) may consider it appropriate to establish a new Framework Agreement in relation to a particular procurement. In such circumstances, these CPRs shall apply to all aspects of the procurement and to the subsequent operation of the Framework Agreement including, but not limited to:
- 8.3.1 the procurement methodology;
 - 8.3.2 the placement of orders under the Framework Agreement;
 - 8.3.3 further competition between Providers appointed to the Framework Agreement.
- 8.4 The term of a Framework Agreement must not exceed four years and, while Single Provider Frameworks are permitted, where a Multiple Party Framework is established, there must be a minimum of three Providers.
- 8.5 In relation to Multiple Party Frameworks, contracts/orders may be awarded in one of two ways, as follows:
- 8.5.1 where the terms of the Framework Agreement are sufficiently precise to cover the particular call-off, by applying the terms laid down in the Framework Agreement without re-opening competition; or
 - 8.5.2 where the terms laid down in the Framework Agreement are not precise or complete enough for the particular call-off and cannot meet the Council's exact requirements, by holding a further competition in accordance with the following procedure:
 - (i) inviting the organisations within the Framework Agreement, that are capable of executing the subject of the Contract, to submit bids electronically via the further competition step on YORtender with an appropriate time limit for responses, taking into account factors such as the complexity of the subject of the Contract;
 - (ii) awarding each Contract to the bidding organisation who has submitted the best bid on the basis of the relevant award criteria set out in the Framework Agreement.
- 8.6 It is the responsibility of the Authorised Officer in consultation with Commercial Procurement to identify and retain written justification and evidence as to why using a Framework Agreement delivers against the Council's required outcomes and ensures the Council receives Best Value.

9. Procurement Competition Requirements

9.1 Competition Requirements

9.1.1 The Authorised Officer must establish the total value of any procurement and/or contract, including whole life costs, annual cost and incorporating any potential extension periods which may be awarded. The value of the contract should be considered as the sum of all payments made to the supplier during the whole life of the contract, including extensions, 'roll ons' or renewals. The Authorised Officer should have particular regard to the rules relating to aggregation contained within the Public Contract Regulations (further details on which can be found in the Procurement Toolkit).

9.1.2 Authorised Officers shall ensure that values are not split in an attempt to avoid the applicability of these CPRs or the Public Contracts Regulations.

9.1.3 Based on the value of the procurement, quotations or tenders must then be invited in line with the following financial thresholds:

- (i) Up to and including £5,000 – Best Value
- (ii) Between £5,000 and up to and including £100,000 – at least **three** written quotations (This threshold may be lower where officers deem there is additional risk associated with the project: in such cases advice must be sought from the Procurement team.)
- (iii) Over £100,000 – Invitation to Tender

9.1.4 Where the Public Contracts Regulations apply (see Rule 9.5), the Authorised Officer shall consult Commercial Procurement at the outset to determine the correct procedure for conducting the procurement exercise.

9.1.5 These rules are subject to the overriding requirement that a contract of any value which is likely to have 'cross border' interest (ie to be of interest to contractors in other member states in the European Community) must be advertised.

9.2 Procurement up to and including £5,000

9.2.1 All purchasing up to and including £5,000 must be procured using an Internal Service Provider or through an existing Contract arrangement or via an existing approved Framework Agreement or Dynamic Purchasing System where they exist.

9.2.2 It is the responsibility of the relevant Authorised Officer to check whether a suitable Contract exists or not. Where no appropriate Internal Service Provider, existing Contract, approved Framework Agreement or Dynamic Purchasing System exists in relation to Contracts with an estimated value is £5,000 or less the invitation of quotations is not mandatory but should be invited where appropriate. If the Authorised Officer believes that it represents Best Value for the Council to make a

Deleted: or

ANNEX A

direct appointment without the need for competition, they may do so providing a written record of the decision (including reasons) is kept.

9.3 Procurement over £5,000 and under £100,000

9.3.1 In relation to all procurements with a value over £5,000 and under £100,000 Officers should, in conjunction with Commercial Procurement, consider whether there is an appropriate Internal Service Provider, existing Contract, approved Framework Agreement or Dynamic Purchasing System which can be used.

Deleted: or

9.3.2 Where no appropriate Internal Service Provider, existing Contract or approved Framework Agreement or Dynamic Purchasing System exists, if the estimated value of a Contract exceeds £5,000 but is less than £100,000 a minimum of three written quotations must be invited from suitable potential providers. Efforts should be made to ensure that a diverse group of suppliers are asked to quote using the following principles:

(a) Where possible, ensuring Small and Medium Enterprises (SMEs) are invited to quote;

Formatted: Level 4, No bullets or numbering, Tab stops: Not at 4.28 cm

(b) Where possible, ensuring local suppliers are invited to quote;

(c) Not just inviting the same group of suppliers who have previously quoted for this or previous similar work;

(d) Looking for novel or new suppliers where suitable

9.3.3 The written quotes must be obtained and documented in accordance with proper record keeping set out in Rule 4 and in accordance with the requirements of Rule 12.

9.3.4 All potential providers invited to submit quotations shall be provided in all instances with identical information and instructions.

9.3.5 The evaluation of the quotations shall be carried out by Authorised Officers.

9.3.6 Regardless of the procurement method used, the Delegated Decision to undertake a procurement of this value will generally be an Authorised Officer decision unless the decision maker considers that it will have significant impact. This is just general guidance and Authorised Officers should have regard to the Council's Constitution when deciding what kind of Delegated Decision applies.

9.4 Procurement over £100,000

9.4.1 In relation to all procurements with a value in excess of £100,000 Officers should, in conjunction with Commercial Procurement, consider whether there is an appropriate Internal Service Provider, existing Contract or approved Framework Agreement or Dynamic Purchasing System which can be used.

ANNEX A

9.4.2 Where no appropriate Internal Service Provider, existing Contract, approved Framework Agreement or Dynamic Purchasing System exists, competition is required for procurements over £100,000.

Deleted: or

9.4.3 Where there are sufficient numbers of potential Providers, at least four written tenders shall be invited. Efforts should be made to ensure that a diverse group of suppliers are asked to tender using the following principles:

(a) Where possible, ensuring Small and Medium Enterprises (SMEs) are invited to quote;

(b) Where possible, ensuring local suppliers are invited to quote;

(c) Not just inviting the same group of suppliers who have previously quoted for this or previous similar work;

(d) Looking for novel or new suppliers where suitable

9.4.4 The tendering process shall be conducted in accordance with the Council's detailed procedure rules set out in the Procurement Toolkit. Authorised Officers should consult with Commercial Procurement to establish the most appropriate tendering process/procurement route which will be determined on a case by case basis (depending on a number of factors including but not limited to the scope, value and technical requirements of the procurement).

9.4.5 All tenders and awards must be documented in accordance with Rule 4.

9.4.6 Where the estimated contract value reaches the relevant EU Threshold, Rule 9.6 will also apply and officers must seek guidance from the Procurement team before commencing any procurement process,

Deleted: .

9.4.7 Where the estimated contract value reaches £250,000 or more, Rule 7 will also apply.

Deleted: 500

9.5 Waiver

If it is not possible to comply in full with the competition procedures outlined in Rule 9.3 or Rule 9.4 a waiver must be sought in accordance with Rule 28.3 as soon as possible and in any event in advance of contract award.

9.6 Contracts that are subject to the Public Contracts Regulations

9.6.1 Where the estimated contract value reaches the relevant EU Threshold set out in the Public Contracts Regulations, Officers are required to procure the Contract in accordance with the Public Contracts Regulations and these CPRs. In all such circumstances appropriate advice must be sought from Commercial Procurement.

9.6.2 The current EU Thresholds are:

(i) Services - £164,176

(ii) Goods/Supplies - £164,176

ANNEX A

(iii) Works - £4,104,394

(iv) [Social and other specific services - £589,148](#)

9.7 Assets for Disposal

Assets for disposal must be dealt with in accordance with the Financial Procedure Rules.

10. Pre-Tender Market Testing and Consultation

10.1 The Council may consult potential providers, prior to the issue of the Invitation to Tender or Request for Quotation, in general terms about the nature, level and standard of the supply, contract packaging and other relevant matters, provided this does not prejudice any other potential organisation.

[10.2](#) When engaging with potential providers, the Council must not seek or accept technical advice on the preparation of an Invitation to Tender or Request for Quotation where this may prejudice the equal treatment of all potential bidding organisations or distort competition.

10.3 [In the case of the re-procurement of an existing contract \(ie where this is an existing supplier\) sufficient care must be taken to ensure that the process is fair and is seen to be fair. The objective is to ensure a level playing field for all suppliers, whilst acknowledging that any incumbent supplier has an inherent advantage due to having previously worked for the council. Advice should be sought from the Procurement team to ensure the specification is clear and unambiguous.](#)

10.4 In undertaking any market testing activities or consultation with providers, the Authorised Officer responsible should refer to any guidance contained in the Procurement Toolkit.

11. Evaluation Criteria and Standards

11.1 Evaluation Criteria

11.1.1 In any procurement exercise (regardless of overall contract value) the successful bid should be the one which either:

(i) offers the most economically advantageous tender based on "price or cost" using a cost effectiveness approach, such as, life cycle costing; or

(ii) offers the most economically advantageous balance between quality and price.

In the latter case, the Council will use criteria linked to the subject matter of the Contract to determine that an offer is the most economically advantageous, for example: price, quality, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost effectiveness, after-sales service, technical assistance, delivery date, delivery period and period of completion. The price element of the evaluation will always be 40% or greater unless a

ANNEX A

waiver has been given for alternative weightings (in accordance with Rule 28.3).

11.1.2 Issues that are important to the Council in terms of meeting its corporate objectives can be used to evaluate bids provided that such criteria relates to the subject matter of the Contract and is objectively quantifiable and non-discriminatory. The criteria can include, for example, sustainability considerations, support for the local economy or the use of sub-contractors. The bidding organisations' approaches to continuous improvement and setting targets for service improvement or future savings could also be included.

11.1.3 The procurement documentation should clearly explain the basis of the decision to bidding organisations, making it clear how the evaluation criteria specified in the process will be applied, the overall weightings to be attached to each of the high-level criteria, how the high-level criteria are divided into any sub-criteria and the weightings attached to each of those sub-criteria.

11.2 Standards

Relevant British, EU and International standards which apply to the subject matter of the Contract and which are necessary to properly describe the required quality must be included within the procurement documentation and the Contract. Officers should refer to further guidance set out in the Procurement Toolkit.

12. Invitation to Tender / Request for Quotation

12.1 Invitations to Tender/Requests for Quotation must be issued in accordance with the requirements of these CPRs, with particular attention to Rule 6 and Rule 9.

12.1.1 Above the single quotation threshold outlined in Rule 9.1.3 (i), all procurement documents including Invitations to Tender and Requests for Quotation must be issued via YORtender.

12.1.2 In exceptional cases, where specific circumstances mean that a procurement process cannot be carried out electronically or, for example, where there is a failure of the electronic system, permission to conduct a procurement process by alternative means must be obtained from the Chief Procurement Officer.

13. Shortlisting

Any shortlisting (i.e. provider selection or pre-qualification) must have regard to the economic, financial and technical standards relevant to the Contract and the evaluation criteria. Special rules apply to contracts covered by the Public Contracts Regulations. Authorised Officers should refer to further guidance contained in the Procurement Toolkit.

14. Submission, Receipt and Opening of Tenders / Quotations

14.1 Tenders

- 14.1.1 Bidding organisations must be given an adequate period in which to prepare and submit a proper quotation or tender, consistent with the complexity of the Contract requirements. Where the Public Contracts Regulations apply, Part 3 of the Public Contracts Regulations lays down specific minimum time periods for tenders.
- 14.1.2 Tenders, except those which have been approved as exempt from electronic tendering, must be submitted electronically via YORtender. Tenders submitted by any other means must not be accepted.
- 14.1.3 Detailed procedure notes on tendering requirements and protocols are set out in the Procurement Toolkit.

14.2 Quotations

Competitive quotations must be submitted electronically via YORtender, except where specifically exempt under Rule 12.1.2. Quotations submitted by any other means must not be accepted.

14.3 Electronic Arrangements

- 14.3.1 Quotations, further competition bids under Framework Agreements and pre-qualification questionnaires which are received electronically via YORtender will be opened by a representative of Commercial Procurement. The system will not allow any quotations to be opened until the allocated return date/time has passed.
- 14.3.2 Tenders which are received electronically via YORtender will be opened by a representative from Commercial Procurement.

14.4 Hard Copy Arrangements

- 14.4.1 In the event that "hard copy" tenders are to be accepted (see Rule 12.1.2 and Rule 14.1.2 for guidance) these must be submitted, sealed, in the envelope provided with the procurement documents and addressed to the Chief Procurement Officer without any mark revealing the bidding organisation's identity.
- 14.4.2 All hard copy tenders will be held by the Chief Procurement Officer until the tender opening date/time has been reached.
- 14.4.3 All hard copy tenders for the same Contract will be opened at the same time by a representative of the Chief Officer who invited the tenders and a representative from Commercial Procurement. A register of tenders received will be kept by Commercial Procurement and will be initialled on each occasion by the Authorised Officers who are present at the opening of the tenders.
- 14.4.4 In the event that hard copy quotations are to be accepted (see Rule 12.1.2 and Rule 14.1.2 for guidance) these must be submitted in a plain

ANNEX A

envelope marked "Quotation for ..." followed by a description of the goods, works or services being procured.

- 14.4.5 All hard copy quotations must be opened together once the official return date/time has been passed.

15. E-auctions

- 15.1 Where a tender is to be carried out by way of a collaborative e-auction process the following procedures will apply:
 - 15.1.1 approval for this approach must be sought in advance of the auction from the relevant Chief Officer and Chief Procurement Officer;
 - 15.1.2 the auction must be provided through a recognised managed service provider approved by the Chief Procurement Officer;
 - 15.1.3 the process for selecting bidders must be agreed in advance with the Chief Procurement Officer;
 - 15.1.4 the tender evaluation process must be agreed in advance with the Chief Procurement Officer;
 - 15.1.5 the time limit for the auction must be set in advance, clearly notified and be appropriate to the nature of the auction;
 - 15.1.6 a minimum of two Authorised Officers must be in attendance at the managed service providers viewing room to ensure the process is conducted fairly and in accordance with the Public Contracts Regulations. One of the Authorised Officers must be an independent observer and have had no involvement with the exercise. They should not leave the room during the auction.
 - 15.1.7 prior to start of the auction, Officers attending must satisfy themselves that the correct quality weightings (if applicable) have been loaded into the software and that the software is working correctly;
 - 15.1.8 the final scoring of all the bidders needs to be documented and counter signed by each Officer immediately after the close of the auction;
 - 15.1.9 the e-auction summary report which is normally produced by the e-auction provider (within a week of the auction) must be cross referenced to the Officers own records and both must be kept on file;
 - 15.1.10 a signed copy of both these records must be passed to Chief Procurement Officer and copied to the Monitoring Officer;
 - 15.1.11 if the lowest price bidder is not successful approval for the award of a Contract must be sought in line with these CPRs.
- 15.2 The application of these e-auction procedures exempts the tender from the opening rules set out at Rule 14. It does not exclude compliance with any other financial and EU regulations as set out elsewhere in these CPRs.

ANNEX A

- 15.3 The Council will arrange for award notices to be sent to the successful bidder (following a 10 day Standstill Period) and brief the losing providers. A copy of the award notice must be kept on file.
- 15.4 The Council must ensure that a discrete Contract complying with the Council's standard terms and conditions is put in place with each successful bidder.

16. Clarification Procedures

- 16.1 The Council can ask bidding organisations for clarification of any details submitted as part of their bid. However, any such clarification must not involve changes to the basic features of the bidding organisation's submission.
- 16.2 When requesting clarification, the Authorised Officer must follow any guidance contained in the Procurement Toolkit. It may not be used to negotiate or re-negotiate Contract terms. Authorised Officers are required to take all necessary legal and/or other relevant professional advice if they are in any way unsure of what may or may not constitute a 'clarification' under the Public Contracts Regulations.

17. Evaluation, Financial Appraisal, Award of Contract and Debriefing of Organisations

17.1 Evaluation

The evaluation of bids must be conducted in accordance with the evaluation criteria set out in the relevant procurement documents (see Rule 11 above) provided to bidding organisations, and in line with any guidance detailed in the Procurement Toolkit.

17.2 Financial Appraisals

Financial Appraisals must be completed in respect of all third parties submitting bids for Contracts in excess of £100,000. It is the responsibility of the Authorised Officer in consultation with the relevant Finance Manager to take all steps reasonably necessary (having regard to the subject matter, value and duration of the contract and any other relevant factors) to complete a risk assessment of the potential provider's financial stability and to ensure this is done to a standard required by the Finance Manager.

17.3 Award of Contract

- 17.3.1 The Council is required to notify successful and unsuccessful bidders of the outcome of a procurement process, in writing, in as timely a fashion as possible.
- 17.3.2 Where procurement has been subject to the Public Contracts Regulations (see Rule 9.5 above), an Standstill Period will need to be included in the procurement timetable and observed before the Contract can be awarded. Authorised Officers should refer to the guidance in the Procurement Toolkit and consult with Commercial Procurement in relation to the Standstill Period requirements and associated documentation to be issued to bidders.
- 17.3.3 Provided the winning bid:

ANNEX A

- (i) is the most economically advantageous;
 - (ii) is within the financial budget made for it;
 - (iii) complies with the Council's proposed terms and conditions; and
 - (iv) meets the Contract specification,
- it may be accepted by the relevant Authorised Officer.

17.3.4 Where a tender is not:

- (i) the most economically advantageous (if payment is to be made by the Council); or
 - (ii) the highest tender (if payment is to be received by the Council),
- the award of the Contract must be passed to the Chief Finance Officer for decision clearly setting out the reasons why this is required.

17.3.5 Once approved, all proposed contract awards over £100,000 must be recorded in the Officer decision log on the mod.gov system.

17.3.6 The approval of the relevant [Executive](#) Member and Chief Finance Officer must be given if a tender received as part of a capital scheme results in the scheme or project exceeding the approved financial budget by 10% or £50,000 (whichever is the lower) and this can not be accommodated within the original financial budget.

Deleted: Cabinet

17.4 Debriefing

The Authorised Officer shall as part of good practice offer feedback to all tenderers who submitted a bid about the characteristics and relative advantages of the successful bid. This shall usually include:

- 17.4.1 how the award criteria were applied;
- 17.4.2 the prices or ranges of prices submitted, but not in either case correlated to the tenderers; and
- 17.4.3 the names of their competitors and whether there were three or more competitors taking part in the tendering exercise.

Authorised Officers should refer to the guidance set out in the Procurement Toolkit and consult with Commercial Procurement prior to offering any such feedback to bidders.

18. Post Tender Negotiation

18.1 Post tender negotiations may not be undertaken where the value of the Contract exceeds the relevant EU Threshold.

18.2 Post tender negotiations with selected tenderers may be carried out where:

- 18.2.1 permitted by law;

ANNEX A

- 18.2.2 the Director in consultation with Commercial Procurement and Legal Services considers that added value may be obtained;
- 18.2.3 the post tender negotiations are conducted by a team of suitably experienced officers approved by the Director and who have been trained in post tender negotiations. Commercial Procurement should be invited to attend any negotiation;
- 18.2.4 a comprehensive, written record of the negotiations is kept by the Council; and
- 18.2.5 a clear record of the added value to be obtained as a result of the post tender negotiations is incorporated into the Contract with the successful participant.

19. Ordering and Paying

- 19.1 The general arrangements relating to ordering and paying for goods, services and the execution of works are detailed in Part D of the Financial Procedure Rules. In addition to the procedures set out there, the following rules must be observed:
 - 19.1.1 payments to Providers in respect of all works must be authorised by a certificate signed by a duly authorised Officer. The certificate must show the total amount of the Contract, the value of the work executed to the certificate date, the amounts already paid and the amount now certified;
 - 19.1.2 Authorised Officers authorising payments must supply Commercial Procurement with all necessary information for the maintenance of the Contract Register;
 - 19.1.3 VAT authenticated receipts must be obtained by the Authorising Officer in support of the payment of VAT on the certificate. Receipts should be retained with the Authorised Officer's copy of the payment certificate and retained for a period of six years and must be made available for inspection by HM Revenue and Customs on request;
 - 19.1.4 If it becomes necessary to vary the value of a Contract by more than 2% and this results in additional costs of more than £50,000 on the original value of the Contract this must be reported to the Chief Finance Officer and relevant [Executive](#) Member.

Deleted: Cabinet

20. Contract Documents**20.1 Form of Procurement Documents**

The Council's standard procurement documents will be used wherever possible and appropriate. Where there is any deviation from these, the documents to be used must be reviewed by Legal Services before being issued. These documents are available from Commercial Procurement.

ANNEX A

20.2 Form of Contract

- 20.2.1 Contractual commitments can only be made by individuals who are formally authorised to do so in the relevant directorate scheme of devolved powers.
- 20.2.2 All contracts made on behalf of the Council must be evidenced in writing in an appropriate format approved by Legal Services.
- 20.2.3 Every Contract shall be made by:
 - (i) the issue of a purchase order and accompanying standard terms and conditions for the purchase or supply of goods, services and works up to a total value of £100,000.
 - (ii) the preparation of formal written contracts for the purchase or supply of goods, services and works over a total value of £100,000 unless the Monitoring Officer certifies that, owing to the nature of the proposed Contract, the interest of the Council will be adequately protected by the issue of a purchasing order and accompanying standard terms and conditions.

20.3 Deeds

All Contracts in excess of £150,000 must be executed as a deed under common seal by Legal Services.

20.4 Contract Signature/Sealing

Contracts must:

- 20.4.1 where the Contract is in the form of a deed, be made under the Council's seal and attested as required by the Constitution; or
- 20.4.2 where the Contract is in the form of an agreement it shall be signed by a Chief Officer authorised as required by the Constitution.

20.5 Legal Services Review of Tenders and Contracts

To ensure the integrity of the procurement process:

- 20.5.1 all proposed Invitations to Tender, where they are not in compliance with the Council's standard documentation, shall be reviewed by Legal Services;
- 20.5.2 any proposed Invitations to Tender which are subject to the Public Contracts Regulations, or which are deemed to be of high risk, must be reviewed by Legal Services;
- 20.5.3 any proposed Contract where there is any deviation from the contract terms included in the Invitation to Tender must be reviewed by Legal Services.

Officers shall ensure that they consult with Legal Services as appropriate to ensure compliance with this Rule 20.5.

ANNEX A

20.6 Bonds and Liquidated and Asset Damages

- 20.6.1 Chief Officers (in consultation with Commercial Procurement and Legal Services) shall consider whether to include provision for payment of liquidated damages by a Provider for breach of contract in all Contracts which exceed £100,000 in value. Such consideration shall be recorded in writing.
- 20.6.2 When considered appropriate by a Chief Officer the Provider will be required to provide a performance bond to secure the performance of the Contract. Such performance bonds should provide for a sum of not less than 10% of the total value of the Contract or such other sum as the Authorised Officer (in consultation with a Finance Manager) considers appropriate.

21. Contract Extension and Variation

21.1 Extensions

- 21.1.1 Contract extensions are only permitted if they are put in place before the Contract expiry date and where the proposed extension is in accordance with the contract terms. Prior to seeking approval from the relevant Chief Officer to take up a contract extension the Authorised Officer must establish whether the extension will deliver Best Value. This process must be recorded in writing.
- 21.1.2 All contract extensions must be approved by and dealt with by the relevant Chief Officer. **The Chief Procurement Officer and Legal Services should be consulted in relation to any proposed extension.**
- 21.1.3 Where an extension is not in accordance with the original contract terms it will be a new decision that is not a consequence of the initial decision to procure and it may be a Key Decision depending on its value (see Rule 7).
- 21.1.4 An extension not in accordance with the original contract terms may be a material change under the Public Contract Regulations (see Rule 21.2.5). Further guidance should be sought from Legal Services.
- 21.1.5 All extensions to any Council contracts must be in writing and reported to the Chief Procurement Officer in order that YORtender can be updated. Extensions of a Contract that are categorised as “variations” in the Contract terms and conditions will be governed by Rules 21.2.1, 21.2.5 and Rules 21.1.1 and 21.1.2 will not apply.
- 21.1.6 Once a Contract has expired it cannot then be extended.

21.2 Variations

- 21.2.1 Variations will be dealt with in accordance with these CPRs and where applicable the EU Treaty principles and Public Contract

ANNEX A

Regulations. Further guidance should be sought from Legal Services.

21.2.2 All Contract variations must be carried out:

- (i) within the scope of the original Contract. Contract variations that materially effect or change the scope of the original Contract are not allowed; and
- (ii) following consideration as part of the Category planning process.

21.2.3 All Contract variations must be in writing (in the form specified by the contract where applicable) and signed by both the Council and the Provider. The value of each variation must be assessed by the Authorised Officer and a Delegated Decision taken by the relevant Chief Officer. **The Chief Procurement Officer and Legal Services should be consulted in relation to any proposed variation.**

21.2.4 Where appropriate (taking into account any change in contract value, contract term, range of services provided etc), contract variations must be reported to the Chief Procurement Officer in order that YORtender can be updated.

21.2.5 A new procurement may be required in case of material change where one or more of the following conditions are met:

- (i) the variation introduces conditions which, had they been part of the initial procurement exercise, would have allowed for the admission of other tenderers than those initially selected or for the acceptance of an offer other than that originally accepted or would have attracted additional participants in the procurement procedure;
- (ii) the variation increases the value of the Contract or the Framework Agreement substantially in favour of the Provider in a manner which was not provided for in the initial Contract or Framework Agreement;
- (iii) the modification extends the scope of the Contract or Framework Agreement considerably.

Further guidance should be sought from Legal Services where the Chief Officer considers there is any possibility that the proposed variation might fall under this Rule 21.2.5.

22. Termination of Contract

Prior to terminating any contract Officers should consult Legal Services. It will only be possible for Contracts to be terminated early, where provided for within the Contract, if this action is authorised by the relevant Chief Officer through a Delegated Decision. A copy of the report and decision for termination of any Contract exceeding £100,000 in value must be sent to the Chief Procurement Officer for monitoring

ANNEX A

purposes. All termination letters under this rule will be drafted and issued via Legal Services in conjunction with the Authorised Officer.

23. Prevention of Corruption

Rules and regulations pertaining to the prevention of corruption are outlined in the Financial Procedure Rules and must be adhered to at all times.

24. Declaration of Interests

Any Officer who has a direct or indirect pecuniary interest in any Contract or proposed Contract (in accordance with the Local Government Act 1972 section 117) shall declare their interest in writing to their Director and will not be allowed any involvement in relation to the procurement or management of the relevant Contract.

25. Contract Management / Monitoring

25.1 All Contracts must have an appointed contract manager for the entirety of the Contract. The responsible Chief Officer must ensure a contract manager is designated prior to contract award.

25.2 Contract management, monitoring, evaluation and review must be conducted in line with guidance detailed in the Procurement Toolkit.

26. Internal Providers

26.1 Where an Internal Service Provider is bidding in competition for the provision of goods, works or services, care must be taken to ensure a fair process between the Internal Service Provider and external bidding organisations.

26.2 Where an Internal Service Provider is successful the appropriate Director shall enter into a service level agreement with the recipient department in a form approved by the Chief Finance Officer and Monitoring Officer.

26.3 Where an Internal Service Provider proposes to sub-let all or part of the services to an external provider, the sub-letting process shall be subject to the tendering procedures as laid down in these CPRs.

27. External Body Grant Funding

27.1 Where a procurement process is funded, in whole or part, by grant funding which has been awarded to the Council by an external funding body, the Authorised Officer must ensure that any rules or conditions imposed by the funding body are adhered to, in addition to the requirements of these CPRs. The Authorised Officer should consult with Commercial Procurement and/or Legal Services as necessary.

27.2 Where there is any conflict between these CPRs and the rules or conditions imposed by the funding body, the stricter requirement should be followed.

28. Waiver and Exemptions

Waivers

ANNEX A

- 28.1 Except where the Public Contracts Regulations apply, the Executive has the power to waive any requirements within these CPRs for specific projects upon request.
- 28.2 Additionally, these CPRs may be waived or varied where the circumstances are certified by the Chief Finance Officer advised as appropriate by the Monitoring Officer and Chief Procurement Officer as meeting any of the following criteria:
- 28.2.1 for works, supplies or services which are of such special character that it is not possible to obtain competitive prices;
 - 28.2.2 for supplies purchased or sold in a public market or auction;
 - 28.2.3 for the execution of works or services or the purchase of supplies involving specialist or unique knowledge or skills;
 - 28.2.4 with an organisation which has won a Contract for an earlier phase of work via a competitive process and where the work forms part of a serial programme and has previously been identified as such;
 - 28.2.5 with an organisation already engaged by the Council for a similar and related procurement and where there is significant benefit to extending the Contract to cover this additional requirement, without exposing the Council to unacceptable risk;
 - 28.2.6 for works, supplies or services which are only available from one organisation (due to their specialised nature);
 - 28.2.7 involving such urgency that it is not possible to comply with the CPRs;
 - 28.2.8 for the purchase of a work of art or museum specimen, or to meet the specific requirements of an arts or cultural event which cannot be procured competitively due to the nature of the requirement;
 - 28.2.9 in relation to time limited grant funding from an external body, where the time limitations will not allow a competitive procurement process to be completed and where the grant conditions allow this; or
 - 28.2.10 where relevant UK or EU legislation not otherwise referred to in these CPRs prevents the usual procurement process from being followed.
- 28.3 If a request to waive these CPRs is required, the appropriate Officer will complete and submit a waiver form, using a template document obtained from Commercial Procurement. The waiver form must set out the financial, legal, risk and equality implications of the waiver sought.
- 28.4 The process to be followed is:
- 28.4.1 completed waiver document sent to relevant Chief Officer (and copy to Commercial Procurement) who is accountable for the decision. If approved;
 - 28.4.2 completed waiver form sent by the Chief Officer to Chief Finance Officer or nominated officer to ensure compliance with these CPRs. If approved;

Deleted: Cabinet

ANNEX A

- 28.4.3 completed waiver form sent to Monitoring Officer or nominated officer to ensure legal compliance;

Once all three stages have been completed if the waiver has been approved the Authorised Officer can then proceed with the variation to these CPRs. The outcome of the waiver process shall be logged in the waiver register maintained by Commercial Procurement. Officers are only authorised to incur expenditure up to the amount included in the final agreed waiver. Should any additional expenditure or further service be required a new waiver must be requested.

- 28.5 Every waiver form will be recorded on a master register to be maintained by Commercial Procurement.
- 28.6 Authorised Officers are required to seek waivers at the outset of any procurement process or, where relevant, at such time during a procurement process that it becomes apparent that it is not possible to comply in full with the competition procedures outlined in Rules 9.3 and 9.4. No Contract shall be entered into without a waiver authorisation being in place.
- 28.7 Authorised Officers are not required to seek waivers in the case of an Emergency or as a result of an Emergency where there is danger to the safety of persons or serious risk of loss or damage to the Council's assets or interests, or the interests of another party, the Authorised Officer may place such Contracts as necessary by means that are reasonable under the circumstances.

Exemptions

- 28.8 These CPRs do not apply to contracts:

28.8.1 for the execution of mandatory works by statutory undertakers;

28.8.2 with Ofsted for the inspection of a school;

28.8.3 for legal services in respect of specific matters which are in contemplation of:

(a) Arbitration conciliation;

(b) Judicial proceedings before the courts;

(c) In the procurement of legal advice given in preparation for any of the proceedings referred to above, or where there is tangible indication and high probability that the matter to which the advice relates will become the subject of such proceedings.

28.8.4 which have been procured on the Council's behalf:

- (i) through collaboration with other local authorities or other public bodies, where a competitive process which complies with the CPRs of the leading organisation has been carried out; or
- (ii) by a national or regional contracting authority where the process followed is in line with the Public Contracts Regulations.

ANNEX A

28.8.5 to cover urgent special educational needs, urgent social care contracts or urgent operational needs, if in the opinion of the relevant Director (in consultation with the Chief Procurement Officer) the exemption is considered to be in the Council's interests or necessary to meet the authority's obligations under relevant legislation. Use of this exemption by the relevant Director must be preceded by a written report under Rule 28.3 using the waiver form, setting out the reason for such urgency, how it complies with relevant legislation and represents Best Value.

28.9 The use of e-procurement does not negate the requirement to comply with all elements of these CPRs.

29. Breaches of CPRs

Breaches of the CPRs are extremely serious matters and will be fully investigated and reported on following referral or discovery. All Directors are responsible for reporting all known or discovered breaches of these CPRs to the Chief Finance Officer and Monitoring Officer as soon as they become aware of it in practice. Any Director can be called to Audit & Governance Committee to explain any breach.

1. APPENDIX A – DEFINITIONS

“Authorised Officer”	means a person authorised by the relevant Chief Officer to act on the Council’s behalf;
“Best Value”	means the optimum combination of whole life costs, quality and benefits to meet the customer’s requirement;
“Category Plan”	means strategic planning of the category, at a category or sub-category level, including review of the current position, constraints and opportunities, desired outcomes, options and actions. The template plan should be used in all cases except where an alternative approach (having the same effect) forms part of external funding or joint procurement requirements;
“Category”	means each category identified in the category overview table which is set out in the Council’s Procurement Strategy;
“Chief Finance Officer”	means the Council’s section 151 Officer currently the Director of Customer & Business Support Services;
“Chief Officer”	means the head of the procuring directorate and includes the Chief Executive, Deputy Chief Executive, Directors, Assistant Directors and chief officers with appropriate delegations and sub-delegations;
“Chief Procurement Officer”	means the Chief Officer of Commercial Procurement who is responsible for the procurement function on behalf of the Council;
“Constitution”	the Council’s constitution which is available on the internet and sets out the rules that the Council and all Council employees and Members must follow;
“Contract(s)”	means an agreement between the Council and a Provider made by formal agreement or by issue of a letter of acceptance or official order for goods, services and/or works;
“Contract Register”	means the register of all Contracts maintained by Commercial Procurement;
“Commercial Procurement”	means the Council’s central commercial procurement team;
“(The) Council”	means City of York Council;
“CPRs”	means these Contract Procedure Rules;
“Delegated Decision”	means a formal decision taken in accordance with the Council’s Constitution

ANNEX A

	and sub-delegation schemes. It is for the Officer seeking the Delegated Decision to decide which type of decision is required in accordance with the Constitution;
“Director”	means all the Council’s directors including; the director of customer business and support services, director of health and well being, director of communities and neighbourhoods, director of adult, children and education services and director of city and environmental services;
<u>Dynamic Purchasing System</u>	<u>Means a completely electronic process for making commonly used purchases that meet the requirements of the contracting authority, which is limited in duration and open throughout its validity to any economic operator which satisfies the selection criteria and has submitted an indicative tender that complies with the specification and requirements of the contracting authority</u>
“Emergency”	means an urgent situation or crisis created as a result of a natural disaster (such as flooding or an earthquake) or tragedy (such as an explosion or plane crash);
“EU Threshold(s)”	means the current threshold above which the Public Contracts Regulations apply.
“Financial Appraisals”	means checking the financial status including the credit rating of a Provider;
“Finance Manager”	means a manager from the Council’s internal finance team;
“Financial Procedure Rules”	means the governance rules and regulations relating to the management of the Council’s financial affairs, set out in Part 4G of the Constitution;
“Framework Agreement”	means a framework agreement that has been set up either by the Council or an organisation other than the Council and has been authorised by Commercial Procurement for use in Council procurements;
“Forward Procurement Plan”	means practical planning of the procurement, or group of similar procurements, including approach, resourcing and timetable. This involves identifying major projects within each category of spend to be maintained by the relevant Chief Officer. It also provides a basis for information for Commercial Procurement to meet the Council’s reporting obligations. The Forward Procurement Plan

Formatted: Default, No bullets or numbering

Deleted: , currently:¶
services - £172,514¶
goods/supplies - £172,514¶
works - £4,332,012

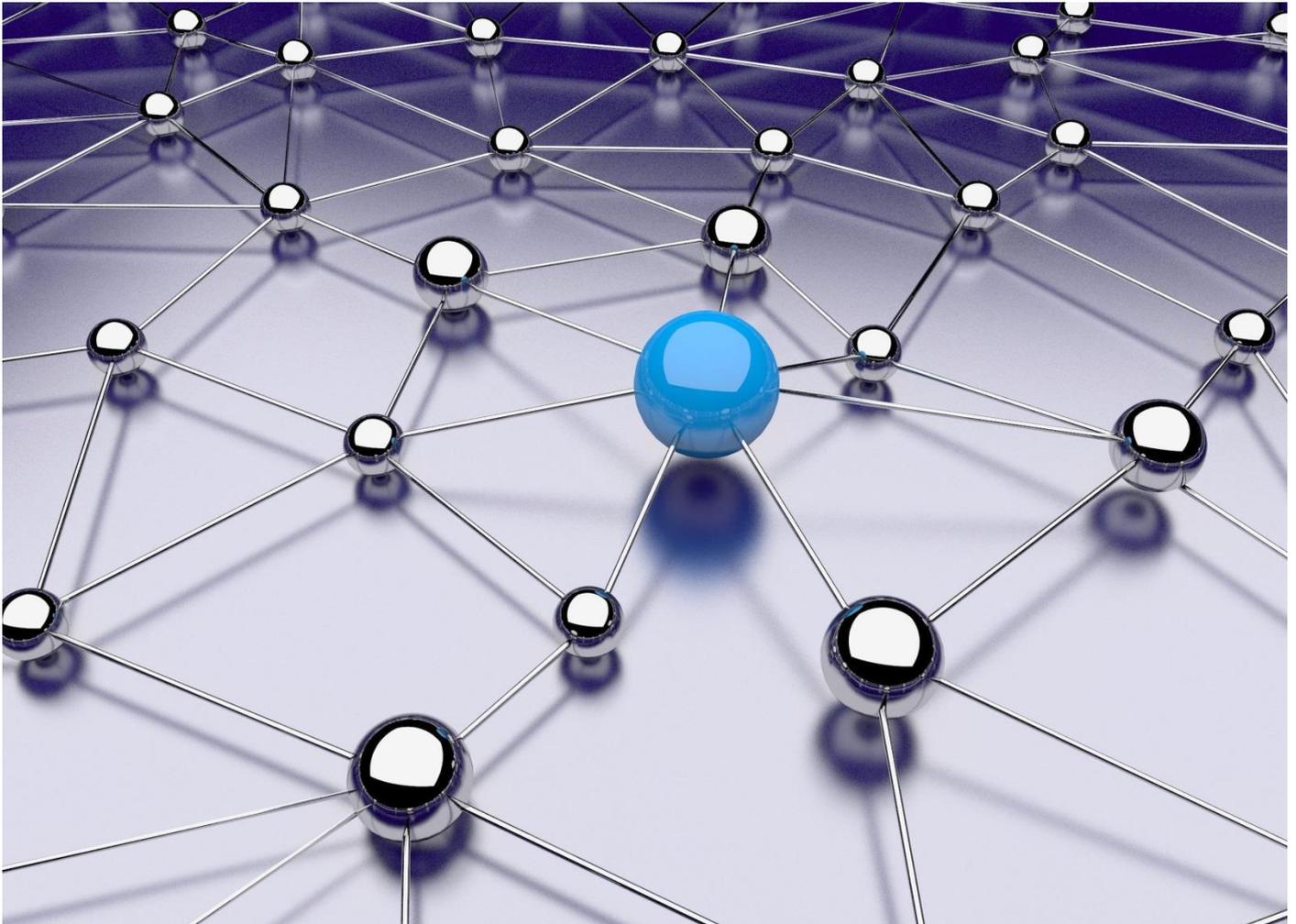
ANNEX A

	will be in such format as prescribed by the Chief Procurement Officer except where an alternative approach (having the same effect) forms part of external funding or joint procurement requirements;
“Internal Service Provider”	means any internal service area for example Building Services, Commercial Procurement, or Legal Services etc;
“Invitation to Tender”	means an invitation by the Council to a potential Provider to tender for the provision of goods, services and/or works;
“Key Decision”	has the meaning set out in Rule 7.6 of the CPRs;
“Leader”	means the Leader of the Council;
“Legal Services”	means the Council’s internal legal team;
“Member(s)”	means elected member(s) of the Council;
“Monitoring Officer”	means the Council’s principal solicitor currently the Assistant Director of Governance & ICT;
“Officer(s)”	means employee(s) of the Council;
“Participants”	means a person or entity participating in a procurement process, who has expressed an interest in tendering for a Contract or who has tendered for a Contract;
“Procurement Strategy”	means the Council’s published procurement strategy setting out its ambition for procurement and confirming a category management and whole lifecycle approach to procurement;
“Procurement Toolkit”	means the manual that accompanies these CPRs which provides detailed guidance on procurement techniques, considerations and the effect of these CPRs;
“Provider(s)”	means the person or entity with whom the Council has a Contract;
“Public Contracts Regulations”	means the Public Contracts Regulations 2006 as amended by the Public Contracts (Amendment) Regulations 2009, the Public Procurement (Miscellaneous Amendments) Regulations 2011 and any successor, amending or enabling legislation;
“Relevant Contract”	has the meaning set out in Rule 3 of these CPRs;
“Request for Quotation”	means a request by the Council to a potential Provider for a quotation for the

ANNEX A

	provision of goods, services and/or works;
“Routine”	has the meaning set out in Rule 7.7;
“Rule(s)”	means any rule contained in these CPRs;
“Standstill Period”	means a 10 day standstill period before a contract can be awarded to the successful bidder to allow an unsuccessful bidding organisation an opportunity to challenge the proposed contract award;
“Strategic Partnership”	means a partnership with an organisation that the Council has a long term arrangement with for the provision of goods, works and / or services;
“TUPE”	means the Transfer of Undertakings (Protection of Employment) Regulations 2006;
“YORtender”	means the Council's provider and contract management system maintained by Commercial Procurement.

City of York Council Audit Progress Report June 2016



Contents

01 Introduction	3
02 Summary of audit progress	4
Certification of the closure of the 2014/15 audit.....	4
2015/16 update	4
North Yorkshire Governance Forum	5
03 Additional VFM Work	6
Background	6
Scoping discussions	6
Programme and project management arrangements.....	6
Specific probes in key risk areas.....	7
Tailored focus of scope in each risk area	8
Our specialist advisory team	9
Timing of our work and reporting	9
Audit fee.....	10
04 National publications and other updates	11
1. English devolution deals, <i>National Audit Office, April 2016</i>	11
2. Fighting fraud and corruption locally: the local government counter fraud and corruption strategy 2016 to 2019, <i>Department for Communities and Local Government, April 2016</i>	12

04 National publications and other updates (Continued)

3. Oversight of audit quality: quarterly compliance reports 2015/16, *Public Sector Audit Appointments Ltd* 13

05 Contact details 14

Appendix 1- Extract from Audit Strategy Memorandum..... 15

Our reports are prepared in the context of the Public Sector Audit Appointment Limited’s ‘Statement of responsibilities of auditors and audited bodies’. Reports and letters prepared by appointed auditors and addressed to City of York Council, its Members, Directors or officers are prepared for the sole use of the audited body and we take no responsibility to any Member, Director or officer in their individual capacity or to any third party.

01 Introduction

The purpose of this report is to update the Audit and Governance Committee of City of York Council (the Council) on progress in delivering our responsibilities as your external auditors.

We have also highlighted key emerging national issues and developments which may be of interest to Committee Members.

If you require any additional information, please contact us using the details at the end of this update.

02 Summary of audit progress

Certification of the closure of the 2014/15 audit

Members will recall that we issued an unqualified opinion and Value for Money (VFM) conclusion on the 2014/15 audit on 30 September 2015, but were unable to issue an audit certificate at that time:

“The audit cannot be formally concluded and an audit certificate issued until we have completed our consideration of matters brought to our attention shortly before the date of this audit report. We are satisfied that these matters do not have a material effect on the financial statements.”

Subsequently, on 26 February 2016, we issued a Public Interest Report on governance issues in relation to remuneration of Council officers for work as Directors of City of York Trading Ltd. Our report, and the Council’s response to it, was considered by the Council at its meeting on 24 March 2016 and also by the Executive at its meeting on 28 April 2016.

On 7 June 2016, we issued an audit certificate to formally conclude the 2014/15 audit.

We have noted the Council’s actions and proposed further actions in response to the Public Interest Report and we will follow these up as part of the current year’s audit.

2015/16 update

At this stage we have completed our planning work and carried out some interim testing. We are in the process of updating our IT risk assessment.

Based on our work to date, including walkthroughs of the key financial systems, we have no matters arising to report to you and there are no changes to our original assessment of significant risks (opinion and Value for Money) as set out in our Audit Strategy Memorandum presented to the Audit and Governance Committee on 13 April 2016.

We have liaised closely with the accountancy team during the production of the Council’s draft financial statements for 2015/16. This year, officers have experimented with bringing forward the accounts production timetable in preparation for the requirement to prepare the accounts by the earlier date of 31 May from 2017/18.

After completing this year’s audit, we will jointly assess with officers the earlier preparation arrangements and discuss how both of our teams can build on the progress to deliver an earlier audit for 2016/17.

On value for money (VFM) work, we have shared the results of an analysis of the latest VFM profiles with officers. There were no issues from this analysis that needed to be brought to the attention of Members.

Members will also recall from our Audit Strategy Memorandum that we identified a number of areas of additional VFM conclusion audit work that would be required in the 2015/16 audit. We have now scoped this work and this is covered in section 3 of this report.

North Yorkshire Governance Forum

The second meeting of our North Yorkshire Governance Forum takes place on the morning of Friday 8 July 2016 at the Mercure York Fairfield Manor Hotel, Shipton Road, Skelton, York. We are still finalising the agenda with the input of attendees.

The Chair and Vice Chair are unable to attend the 8 July meeting due to other commitments. If any other members of the Committee wish to attend, please get in touch with Gavin Barker at gavin.barker@mazars.co.uk.

03 Additional VFM Work

Background

Members will recall from our Audit Strategy Memorandum that we identified a number of areas of detailed VFM conclusion audit work that would be required in the 2015/16 audit. We proposed specific probes in four areas of particular risk:

- a review of the Community Stadium project;
- a review of the operation of the first year of the Better Care Fund;
- follow up on progress made on the housing for older people procurement; and
- a review of the operation of the revised programme and project management arrangements.

This is set out in the extract from the Audit Strategy Memorandum at Appendix 1.

The additional areas of work were estimated at an additional fee of £25,000 plus VAT, subject to the agreement of our regulator, Public Sector Audit Appointments (PSAA) Ltd.

Scoping discussions

We have now scoped this additional work and defined the work more precisely.

On 19 May 2016 Gavin Barker, Senior Manager and Jane Valle, Manager from Mazars held a series of meetings with key officers to inform this process:

- Dave Atkinson, Programme and Project Management Lead;
- Martin Farran, Director of Adult Social Care;
- Ian Floyd, Director of Customer and Business Support Services;
- Mark Wilson, Project Lead Community Stadium; and
- Roy Wallington, Procurement Lead Older People's Project.

Programme and project management arrangements

In December 2015, and partly in response to our previous audit recommendations, the Council introduced a new framework for project management called All About Projects (AAP), the City of York Council's guide to project management.

The Council has also continued to develop its electronic project management system Verto and have produced a number of reports which summarise the progress of major projects for Audit and Governance Committee.

There are plans to further develop project management arrangements and to provide a framework for corporate and directorate oversight of programme and project management arrangements.

As part of our review, we will:

- Review the steps taken to date and the plans for further progress;
- Evaluate the adequacy of the programme and project management arrangements that have been put in place; and
- Make recommendations arising from our findings.

The Council's internal auditor, Veritau, has recently reviewed the AAP methodology. We will evaluate Veritau's conclusions in this and any other areas they have considered and avoid duplication of work.

Specific probes in key risk areas

Although we will comment on the Council's overall arrangements, our work will be focused on a more detailed review of the approach adopted in key risk areas:

Programme / Project Area	Why we have selected this for review?
The community stadium project	<ul style="list-style-type: none"> • The Council's own report on the community stadium describes it as one of the largest projects the Council has ever embarked on and that it contains a number of significant risks; • Capital costs of the project have increased by £7.2m to £44.2m; • The timetable for the project has slipped, partly because the scope of the project has increased over time; • Complex commercial development with numerous partnership arrangements to manage; and • This is a controversial scheme locally.
The older persons accommodation programme	<ul style="list-style-type: none"> • An area reviewed last year following the failure of a previous procurement exercise in January 2015; • Important recommendations made for improvement; • Next steps taken including consultation with public on future proposals, closure of an additional two Council care homes, implementation of 24/7 care at Glen Lodge, receipt of tenders for 27 additional homes at Glen Lodge and development of proposals for Burnholme Health and Well Being campus including a new care home; and • Further plans are being developed.

Programme / Project Area	Why we have selected this for review?
Integration of adult social care and health and the operation of the Better Care Fund	<ul style="list-style-type: none"> • The Council's most significant cost pressures are in adult social care, an area that has experienced difficulties in the past and where there were interim leadership arrangements until autumn 2015; • This is an area of critical importance in terms of partnership working with the Vale of York Clinical Commissioning Group (CCG) and other partners; and • Financial pressures at the CCG have created uncertainty and risk for the Council in terms of delivery of the Better Care Fund and improved services to local people.
The 'future shape and size' programme, which considers the Council's future operating model and how services might be re-shaped to meet the challenges the Council faces	<ul style="list-style-type: none"> • To assess a programme which has been recently started and therefore initiated under the new All About Projects (AAP) framework.

Tailored focus of scope in each risk area

For each risk area we will consider in detail:

- The specific programme and project management arrangements;
- The business case;
- Risk assessment and management;
- Financial evaluation;
- Communication and consultation; and
- Resourcing.

The precise focus of our questioning will be determined by the point the project has reached in the project life cycle.

The table below identifies the key areas of focus in each probe area.

Programme / Project Area	Key areas of focus
The community stadium project	<p>We will review how the Council has determined that the proposed costs represent value for money, and the evidence that exists to inform this assessment.</p> <p>We will review how the Council is managing the risks relating to further cost increases.</p>

Programme / Project Area	Key areas of focus
The older persons accommodation programme	<p>We will review how the Council has determined that its programme of measures best meets the needs of its residents.</p> <p>We will review how the Council has determined that the proposed costs represent value for money, and the evidence that exists to inform this assessment, with a focus on the additional homes at Glen Lodge and the proposed scheme at Burnholme.</p> <p>We will review how the Council is managing the remaining risks relating to delivery of the remaining programme.</p>
Integration of adult social care and health and the operation of the Better Care Fund	<p>We will review how the Council has managed the delivery of improved outcomes and addressed financial pressures in terms of delivery of the first year of the Better Care Fund.</p> <p>We will review how the Council is managing the ongoing risks in relation to financial delivery and improvements for local people.</p>
The 'future shape and size' programme, which considers the Council's future operating model and how services might be re-shaped to meet the challenges the Council faces	We will review the development of the Council's plans to re-shape service delivery, with an initial focus on option identification and appraisal.

Our specialist advisory team

This work will be carried out by Jane Valle and Michelle Carberry from Mazars' specialist public services advisory team.

Timing of our work and reporting

We will undertake our work during the period June 2016 to early September 2016.

We will produce a report highlighting our findings and conclusions, and any recommendations for improvement.

Our findings will feed directly into our VFM conclusion. We expect to issue our formal VFM conclusion by 30 September 2016.

Audit fee

Our estimated additional fee is £25,000 plus VAT, subject to the agreement of our regulator, Public Sector Audit Appointments (PSAA) Ltd.

Our estimate of the fee in each area of work is as follows:

Area of work	Estimated percentage of overall work	Estimated fee (excluding VAT)
Overall programme and project management arrangements	5%	£1,250
The community stadium project	45%	£11,250
The older persons accommodation programme	15%	£3,750
Integration of adult social care and health and the operation of the Better Care Fund	25%	£6,250
The 'future shape and size' programme	10%	£2,500

04 National publications and other updates

This section contains updates on the following:

National publications and other updates	
1.	English devolution deals , <i>National Audit Office, April 2016</i>
2.	Fighting fraud and corruption locally: the local government counter fraud and corruption strategy 2016 to 2019 , <i>Department for Communities and Local Government, April 2016</i>
3.	Oversight of audit quality , <i>Public Sector Audit Appointments, quarterly compliance reports 2015/16</i>

1. English devolution deals, National Audit Office, April 2016

Devolution deals to devolve power from central government to local areas in England offer opportunities to stimulate economic growth and reform public services for local users, but the arrangements are untested and government could do more to provide confidence that these deals will achieve the benefits intended, according to the National Audit Office.

Over the last 18 months, 10 devolution deals have been agreed, outlining the transfer of powers, funding and accountability for policies and functions previously undertaken by central government, in Greater Manchester, Cornwall, Sheffield City Region; the North East; Tees Valley; Liverpool City Region; the West Midlands, East Anglia; Greater Lincolnshire; and the West of England. They are the latest in a range of initiatives and programmes designed to support localism and decentralisation.

HM Treasury and the Cities and Local Growth Unit are responsible for managing the negotiation, agreement and implementation of devolution deals on behalf of central government as a whole. All of the deals include an agreement on devolved responsibility for substantial aspects of transport, business support and further education. Other policy areas included in some of the deals are housing and planning, employment support and health and social care.

The government has announced new additional investment funding of £246.5 million a year alongside the devolution deals announced so far. Over time, the government intends to combine this funding with a number of other funding streams into a 'single pot' to enable more local control over investment decisions, and has announced £2.86 billion of initial allocations over 5 years for the first 6 mayoral devolution deals.

Central government's management approach to brokering devolution deals is designed to support its policy of localism. The government considers that devolution proposals should be led by local areas, and that central government's role should be to respond to these proposals. As a result, the government has decided not to set out a clear statement of what it is trying to achieve through devolution deals.

According to the NAO, however, there are significant accountability implications arising from the deals which central government and local areas will need to develop and clarify. These include the details of how and when powers will be transferred to mayors and how they will be balanced against national parliamentary accountability. The deals agreed so far involve increasingly complex administrative and governance configurations. And as devolution deals are new and experimental, good management and accountability both depend on appropriate and proportionate measures to understand their impact. To improve the chances of success, and provide local areas and the public with greater clarity over the progression of devolution deals, central government should clarify the core purposes of devolution deals as well as who will be responsible and accountable for devolved services and functions, and should ensure it identifies and takes account of risks to devolution deals that arise from ongoing challenges to the financial sustainability of local public services.

<https://www.nao.org.uk/report/english-devolution-deals/>

2. Fighting fraud and corruption locally: the local government counter fraud and corruption strategy 2016 to 2019, Department for Communities and Local Government, April 2016

Fighting Fraud and Corruption Locally is the new counter fraud and corruption strategy for local government. It provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities. By using this strategy local authorities will develop and maintain a culture in which fraud and corruption are understood to be unacceptable, understand their fraud risk and prevent fraud more effectively, use technology to improve their response, share information and resources more effectively to prevent and detect fraud loss, bring fraudsters to account more quickly and efficiently, and improve the recovery of losses. This strategy is aimed at council leaders, chief executives, finance directors, and all those charged with governance in local authorities.

The strategy:

- calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment, and illustrates the financial benefits that can accrue from fighting fraud more effectively;
- calls upon central government to promote counter fraud activity in local authorities by ensuring that the right financial incentives are in place and helping them break down barriers to improvement, and updates and builds upon Fighting Fraud Locally 2011 in the light of developments such as The Serious and Organised Crime Strategy and the first UK Anti-Corruption Plan; and
- sets out a new strategic approach that is designed to feed into other areas of counter fraud and corruption work and support and strengthen the ability of the wider public sector to protect itself from the harm that fraud can cause.

<https://www.gov.uk/government/publications/fighting-fraud-and-corruption-locally-2016-to-2019>

3. Oversight of audit quality: quarterly compliance reports 2015/16, Public Sector Audit Appointments Ltd

There are no issues arising highlighted in respect of Mazars LLP in the latest quarterly report (quarter 4 of 2015/2016).

<http://www.psa.co.uk/audit-quality/principal-audits/mazars-audit-quality/>

05 Contact details

Please let us know if you would like further information on any items in this report.

www.mazars.co.uk

Gareth Davies
Partner
0191 383 6300

gareth.davies@mazars.co.uk

Gavin Barker
Senior Manager
0191 383 6300

gavin.barker@mazars.co.uk

Address: Rivergreen Centre,
Aykley Heads,
Durham,
DH1 5TS.

Appendix 1 - Extract from Audit Strategy Memorandum

We have considered the risks that are relevant to our value for money conclusion and have identified the following significant audit risk that we will address through our work.

VFM risk – Responding to financial pressures and competing demands, and delivering significant projects and new ways of working

Description of the risk

The Council faces financial pressures from reduced funding and continues to identify plans to deliver future savings and improvements. Without robust budgetary control and delivery of its action plans, the Council's financial resilience and service performance could deteriorate.

There have been some high profile examples of problems with project delivery, such as the housing for older people procurement and more recently with the community stadium project. This has been the first year of operation of the Better Care Fund, which requires the Council to work with the local CCG and the wider health economy to reduce demand for acute healthcare. Any failures in these areas could compound the Council's financial and operational difficulties and impact adversely on services provided.

How we will address this risk

We will review budget monitoring and reporting, focusing on areas where action plans are in place to make savings and improvements, and seek to minimise any adverse impact on service delivery. We will review the plans that are developed to deliver savings and improvements.

We will focus on:

- the budget process and the Medium-Term Financial Strategy;
- the progress made in identifying savings required;
- budget monitoring reports and other finance updates; and,
- delivery of improved outcomes.

In addition, we propose a number of more detailed specific probes in four areas of particular risk:

- a review of the Community Stadium project;
- a review of the operation of the first year of the Better Care Fund;
- follow up on progress made on the housing for older people procurement; and,
- a review of the operation of the improved programme and project management arrangements.

We will work with officers to scope the work appropriately.

We propose to engage our specialist advisory team to undertake the four specific probes work and we will report separately on the findings of this work.

The budget review work is part of the core work on the VFM conclusion and is included in the scale fee. The four specific probes represent additional VFM work outside of the scale fee, and will be at an additional fee as set out in section 6 of this report. We will need to seek the approval of our regulator, Public Sector Audit Appointments Ltd for this level of additional work.

**Audit and Governance Committee**

22 June 2016

Report of the Head of Internal Audit

Annual Report of the Head of Internal Audit

Summary

- 1 This report summarises the outcome of audit and fraud work undertaken in 2015/16 and provides an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal control.

Background

- 2 The work of internal audit is governed by the Accounts and Audit (England) Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the standards, and the council's internal audit charter, the Head of Internal Audit is required to provide an annual report to the Audit and Governance Committee. This report is to be used by the committee to inform its consideration of the council's annual governance statement and it must include:
 - a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies;
 - a statement on conformance with the PSIAS;
 - an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme;
 - the Head of Internal Audit's opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control;
 - any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity);

- any particular control weakness judged to be relevant to the preparation of the Annual Governance Statement.

2015/16 Internal Audit & Counter Fraud Work

- 3 The results of completed audit work have been reported to service managers and relevant chief officers during the course of the year. In addition, summaries of all finalised audit reports have been presented to this committee as part of regular monitoring reports. Details of audits finalised since the last report to this committee in April 2016 are included at annex 2. Two of these audits were given a Limited Assurance opinion, and are included as annexes to this report (annex 7 - Project Management Audit Report; annex 8 - Section 117 of the Mental Health Act Audit Report). All of the other final reports referred to in annex 2 are available on the council's website.
- 4 Internal audit delivered 95.2% of the 2015/16 internal audit plan by 30 April 2016 (against a target of 93%). The service also achieved a positive customer satisfaction rating of 100% (against a target of 95%), and agreed actions to address 100% of high priority issues identified through audit work (against a target of 95%).
- 5 All of the actions agreed with services as a result of internal audit work are followed up to ensure that the underlying control weaknesses are addressed. The results of follow up work are summarised twice yearly for this committee in April and September. The last report in April 2016 identified that, overall, good progress in implementing actions continues to be made by management.
- 6 Counter fraud work was undertaken in accordance with the approved plan. A summary of activity is included in Annex 3. This has been a successful year for the counter fraud team with investigations leading to the recovery of over £141k defrauded from the council. Forty-one percent of all investigations resulted in a positive outcome (for example a sanction being taken, or recovery of loss). Housing fraud investigations lead to 33 properties either recovered or prevented from being let and one right to buy being stopped following joint work with the Housing Department. The team has successfully investigated a range of fraud being committed against the council including Adult Social Care

fraud, internal fraud, Council Tax and Non Domestic Rates fraud, parking fraud and abuse of the York Financial Assistance Scheme. Work with School Services to investigate potentially false applications for school placements has resulted in three applications being stopped.

Breaches of Financial Regulations

- 7 Where breaches of council regulations, legislation, or other external regulations are identified through internal audit work these are reported to the committee in accordance with best practice. In most cases, actions agreed with managers as a result of the audit work will address the breaches identified. There have been a number of breaches of the council's financial regulations identified during the course of internal audit work in 2015/16. One breach has been identified since the last report to this committee in April 2016 and is included in annex 5.

Conformance with the Public Sector Internal Audit Standards

- 8 Veritau maintains a quality assurance and improvement programme (QAIP) to ensure that internal audit work is conducted to the required professional standards. As well as undertaking an annual survey of senior management in each client organisation and completing a detailed self assessment to evaluate performance against the Standards, the service is also subject to periodic external assessment. The last assessment was conducted by the South West Audit Partnership (SWAP) and completed in April 2014. The results of the assessment provide evidence to support the QAIP as well as helping to inform the Improvement Action Plan.
- 9 The outcome of the QAIP demonstrates that the service conforms to International Standards for the Professional Practice of Internal Auditing. Further details of the QAIP and Improvement Action Plan prepared by Veritau are given in annex 6.

Opinion of the Head of Internal Audit

- 10 In accordance with the council's internal audit charter, the Head of Internal Audit is required to provide an annual report

to the Audit and Governance Committee. The report sets out the Head of Internal Audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control. In doing so, the report also contributes to the preparation of the Annual Governance Statement.

- 11 The opinion of the Head of Internal Audit is given at annex 1. The opinion is based on audit and counter fraud work completed during the year including that detailed in the annexes to this report and other monitoring reports to this committee during the year. Internal audit work has been conducted in accordance with proper standards. No qualifications to this opinion are considered necessary.
- 12 In giving this opinion attention is drawn to the following significant control issue which is considered relevant to the preparation of the 2015/16 Annual Governance Statement:
 - Attendance Management - an audit report was issued in 2013/14 identifying that there were a number of weaknesses with the council's processes for recording and managing sickness absence. The council has not yet been able to address the outstanding issues. The service presented an update to this committee at its last meeting in May.

Consultation

- 13 Not relevant for the purpose of the report.

Options

- 14 Not relevant for the purpose of the report.

Analysis

- 15 Not relevant for the purpose of the report.

Council Plan

- 16 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

17 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

18 The council will not comply with proper practice for internal audit if the results of audit work are not reported to senior management and the Audit and Governance Committee.

Recommendation

19 Members are asked to:

- (a) note the results of audit and counter fraud work undertaken in 2015/16.

Reason

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

- (b) note the opinion of the Head of Internal Audit on the adequacy and effectiveness of the council's framework of governance, risk management and internal control .

Reason

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

- (c) note the outcome of the Quality Assurance and Improvement Programme and the confirmation that the internal audit service conformed with Public Sector Internal Audit Standards.

Reason

To enable members to consider the opinion of the Head of Internal Audit.

- (d) note the significant control weaknesses identified during the year which are relevant to the preparation of the Annual Governance Statement.

Reason

To enable the Annual Governance Statement to be prepared.

Contact Details

Author:

Max Thomas
Head of Internal Audit
Veritau Limited
01904 552940

Chief Officer responsible for the report:

Ian Floyd
Director of CBSS
Telephone: 01904 551100

**Report
Approved**



Date 8/06/16

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers

- 2015/16 Internal Audit and Counter Fraud Plan
- Internal Audit and Counter Fraud Monitoring Reports to Audit and Governance Committee in 2015/16 (September, December and April)

Annexes

- Annex 1 - Opinion of the Head of Internal Audit

- Annex 2 - Audits Completed and Reports Issued
- Annex 3 - Counter Fraud Work
- Annex 4 - Variations to the Audit Plan
- Annex 5 - Breaches of Council Financial Regulations
- Annex 6 - Veritau Internal Audit Quality Assurance and Improvement Programme.
- Annex 7 - Project Management audit report (Limited Assurance)
- Annex 8 - Section 117 of the Mental Health Act audit report (Limited Assurance)

Available on the council's website

The following Internal Audit reports referred to in annex 2 are published on the council's website:

<http://democracy.york.gov.uk/ieListDocuments.aspx?CId=437&MId=9183&Ver=4> (see agenda item 8).

- Bishopthorpe Infant School
- Carr Junior School
- Cashiers and Income Management
- Lord Deramore's Primary School
- Naburn Primary School
- St Mary's CE Primary School
- Treasury Management & Prudential Code
- VAT Accounting
- Budget Savings
- Joseph Rowntree Secondary School
- Main Accounting System
- Woodthorpe Primary School
- York Financial Assistance Scheme
- Car Parking
- Section 106 Agreements

Information which might increase risk to the Council, its employees, partners or suppliers has been redacted. Paper copies are available on request from democratic.services@york.gov.uk or telephone 01904 552030

This page is intentionally left blank

Opinion of the Head of Internal Audit

I have evaluated the results of the audit and fraud work undertaken during the 2015/16 year. In my opinion the council's framework of governance, risk management and control provides **Substantial Assurance**. The council can therefore continue to place reliance on the adequacy and effectiveness of its systems of internal control and the overall control environment.

Signed

Max Thomas
Head of Internal Audit
Veritau Ltd

15 June 2016

This page is intentionally left blank

AUDITS COMPLETED AND REPORTS ISSUED

The following categories of opinion are used for audit reports.

Opinion	Level of Assurance
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.

<u>Priority</u>	<u>Long Definition</u>	<u>Short Definition – for use in Audit Reports</u>
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

Seventeen 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. The draft reports are categorised as follows.

Opinion	Number	Reports
High Assurance	2	Gas Servicing; High Needs SEN.
Substantial Assurance	5	Canon Lee Secondary School; Data Quality; Housing Rents; Members' Allowances; Implementation of Schools Financial System.
Reasonable Assurance	3	Access to Key IT Systems; Schools' Information Governance Arrangements; Schools' Procurement Arrangements.
Limited Assurance	5	Direct Payments; Overtime; Sub-Contracting Arrangements (Civil Engineering and Building Maintenance); Officers' Registers of Interests; Use of Interims, Specialists and Consultants.
No Assurance	0	
Not given (non assurance work)	2	Partnership Arrangements; PCI DSS Compliance.

Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in April 2016. In all cases the recommendations made have been accepted by management, and will be followed up by internal audit.

Audit	Opinion	Number of Agreed Actions			Work done / significant weaknesses / issues identified
		P1	P2	P3	
Bishopthorpe Infant School	High Assurance	0	0	3	A routine audit of financial, operational and governance procedures at the school. Systems were working well.
Carr Junior School	High Assurance	0	0	1	A routine audit of financial, operational and governance procedures at the school. Systems were working well.
Cashiers and Income Management	High Assurance	0	0	0	An audit of procedures for ensuring that council income is accurately processed, banked and accounted for. The controls in place were operating effectively. Banking arrangements were working well, income is reconciled, and record keeping is of a good standard.
Lord Deramore's Primary School	High Assurance	0	0	1	A routine audit of financial, operational and governance procedures at the school. Systems were working well.

Audit	Opinion	Number of Agreed Actions			Work done / significant weaknesses / issues identified
		P1	P2	P3	
Naburn Primary School	High Assurance	0	0	0	A routine audit of financial, operational and governance procedures at the school. Systems were working well.
St Mary's CE Primary School	High Assurance	0	0	1	A routine audit of financial, operational and governance procedures at the school. Systems were working well.
Treasury Management and Prudential Code	High Assurance	0	0	0	A health check audit testing key controls for ensuring that the council's cash balances are well managed. Appropriate policies are in place, in line with the requirements of the Prudential Code. Decisions about loans and investments were in line with the policy, and were authorised correctly. Systems are in place to ensure transactions are correctly accounted for.
Budget Savings	Substantial Assurance	0	0	1	A review of agreed budget savings to assess whether the values and timescales for achieving savings are realistic and action plans are in place to deliver them.

Audit	Opinion	Number of Agreed Actions			Work done / significant weaknesses / issues identified
		P1	P2	P3	
					<p>It also examined the reporting of progress against them and the identification of risks that might prevent them being achieved.</p> <p>The audit looked at the following savings.</p> <ul style="list-style-type: none"> • Transforming Young People’s Services - Further Stretch • Street Lighting Efficiencies • Highways Maintenance • Place Based Services • Transactional Efficiencies across Finance • Adult Care <p>Overall, it was found that savings were well organised and planned. Savings estimates were reasonable, and timescales were achievable (all of the savings reviewed had been achieved within the 2015/16 financial year). Key targets had been identified beforehand and were adhered to. Service managers were supported</p>

Audit	Opinion	Number of Agreed Actions			Work done / significant weaknesses / issues identified
		P1	P2	P3	
					<p>by monthly budget monitoring meetings with Finance.</p> <p>The action relates to the need to report to members where there are significant changes to the way that agreed savings are to be achieved.</p>
Joseph Rowntree Secondary School	Substantial Assurance	0	0	7	<p>A health check audit looking at implementation of actions agreed during the last audit and a review of significant changes in finance, governance and operational systems. A number of actions were agreed to improve procedures. None of the issues represented a significant weakness in control.</p>
Main Accounting System	Substantial Assurance	0	0	2	<p>An audit of the arrangements for ensuring that financial activity is correctly accounted for in the general ledger.</p> <p>Overall, controls were found to be operating effectively. For example control accounts were being monitored and reconciled, journals were</p>

Audit	Opinion	Number of Agreed Actions			Work done / significant weaknesses / issues identified
		P1	P2	P3	
					<p>entered and authorised appropriately, suspense accounts are monitored and cleared and user access is appropriately restricted.</p> <p>The findings relate to the need to improve clarity in recording budget adjustments and virements; and to minimise the value of income coded to miscellaneous accounting codes, to improve accuracy and consistency.</p>
Woodthorpe Primary School	Substantial Assurance	0	0	3	A routine audit of financial, operational and governance procedures at the school. Systems were generally working well.
York Financial Assistance Scheme	Substantial Assurance	0	1	3	<p>An audit of the arrangements for assessing applications under the York Financial Assistance Scheme.</p> <p>Procedures for managing the scheme were working well. Guidance documents were available on the internet, and contained all the necessary details to help applicants. The</p>

Audit	Opinion	Number of Agreed Actions			Work done / significant weaknesses / issues identified
		P1	P2	P3	
					<p>process for making applications was reasonable, although evidence was not always kept to support decisions to approve or reject applications. The security procedures for storing unused vouchers relating to the YFAS scheme were generally sound.</p> <p>Improvements were necessary in a small number of areas. In particular, there is a need to introduce spot checks for lower level payments where assessors can both create and authorise payments.</p>
Car Parking	Reasonable Assurance	0	2	0	<p>An audit of arrangements for ensuring that income from car parking and penalty charge notices (PCNs) is correctly banked and accounted for and that the write off of uncollectable charges is appropriately authorised.</p> <p>The audit found weaknesses in the reconciliation of PCN income between the</p>

Audit	Opinion	Number of Agreed Actions			Work done / significant weaknesses / issues identified
		P1	P2	P3	
					parking system and general ledger; and in the authorisation of write off of unrecoverable PCN income.
Section 106 Agreements	Reasonable Assurance	0	4	0	<p>An audit of the process for drawing up agreements in relation to Section 106 of the Town and Country Planning Act 1990. This included the maintenance of accurate records and the controls for ensuring contributions are spent on the agreed purposes.</p> <p>The audit examined final legal agreements drawn up by the council to ensure they reflected the contributions agreed as part of the planning decision. No significant errors were identified.</p> <p>However, the audit found that there is not a central register of all Section 106 agreements entered into by the council and there is also no framework to ensure agreements are monitored.</p> <p>A further audit is planned in quarter 4 of</p>

Audit	Opinion	Number of Agreed Actions			Work done / significant weaknesses / issues identified
		P1	P2	P3	
					2016/17.
Project Management	Limited Assurance	0	3	1	<p>The review looked at arrangements to ensure that the council's chosen project management methodologies are embedded and applied across the council. The audit did not examine specific projects in detail.</p> <p>The work identified a number of areas where attention was required including identifying responsibility for oversight of project management across the council and the maintenance of the corporate toolkit.</p> <p>In addition the toolkit risk register template did not reflect the council's risk management guidance (October 2015) and there was no complete central register of projects.</p> <p>No guidance or standards were available, to promote consistency in the information about projects recorded in VERTO (the council's</p>

Audit	Opinion	Number of Agreed Actions			Work done / significant weaknesses / issues identified
		P1	P2	P3	
					<p>corporate project management system).</p> <p>The audit was undertaken over an extended period (July 2015 to January 2016). It was noted that issues were being addressed during the course of the work and all of the areas noted have now either been addressed or actions are in the process of being agreed.</p>
Section 117 of the Mental Health Act	Limited Assurance	1	1	0	<p>The audit examined the processes in place at the council and the NHS Partnership Commissioning Unit. This was a joint audit undertaken with auditors from the NHS. Separate reports were prepared, reflecting the issues for the different organisations.</p> <p>The audit reviewed arrangements for:</p> <ul style="list-style-type: none"> • confirming eligibility for s117 aftercare, review, and discharge • agreement / allocation of health and social care funding • effective utilisation of existing commissioned

Audit	Opinion	Number of Agreed Actions			Work done / significant weaknesses / issues identified
		P1	P2	P3	
					<p>services</p> <ul style="list-style-type: none"> • monitoring the use of services outside existing contracts, to inform future commissioning decisions • handling complaints. <p>Two significant issues were identified:</p> <ul style="list-style-type: none"> • There were no procedures for reviewing eligibility for s117 aftercare. • S117 arrangements are operated as part of wider social care responsibilities and there was insufficient clarity on policy, or documentation of arrangements, relating specifically to s117.

Other non-opinion audit work completed

Area of work	Work done / significant weaknesses / issues identified
Internal audit support to the project to implement the new children's social care IT system (Mosaic).	Ongoing internal audit involvement and advice during the implementation of the new IT system. This included a review of project documentation and advice on data migration and user acceptance testing.
Contract Management of New Service Delivery Models - Follow Up.	<p>In February 2015 Veritau issued an internal audit report on the contract management arrangements for new service delivery models (for example, Be Independent, Explore and Make It York). This work followed up outstanding issues from the initial audit, and reviewed progress in implementing agreed actions.</p> <p>It was found that progress was being made against each of the actions agreed during the original audit and a number had been completed. Those in progress or outstanding will be followed-up when they are due in 2016/17.</p>

This page is intentionally left blank

COUNTER FRAUD ACTIVITY 2015/16

The table below shows the total numbers of fraud referrals received and summarises the outcomes of investigations completed to date.

	2015/16 (Actual: Full Yr)	2015/16 (Target: Full Yr)	2014/15 (Actual: Full Yr)
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked, management action taken).	41%	30%	43%
Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.	£141,579	£100,000	£135,136
Amount of notional savings (estimated savings - e.g. housing tenancy fraud) identified through fraud investigation.	£511,000	£600,000	£612,700

Caseload figures for the period are:

	As at 1/4/16	As at 1/4/15
Awaiting allocation	10	40
Under investigation	93	171

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>Investigation of matches arising from the National Fraud Initiative is almost complete. There were a total of 2,540 recommended data matches to process relating to a number of council teams. A further 2,268 matches relating to possible false Single Person Discounts have been generated and will be looked at as part of an upcoming review of discounts by the council.</p> <p>The council is participating in a regional data matching exercise to identify cross boundary fraud in the York and North Yorkshire area following funding from the Department for Communities and Local Government. The project is being administrated by Veritau. Data from five local authorities has been gathered and data matching has begun.</p>
Fraud detection and investigation	<p>The service continues to promote the use of criminal investigation techniques and standards to robustly respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Housing fraud – working in conjunction with housing officers, 15 properties were recovered in 2015/16. In addition, 17 properties were prevented from being let where the prospective tenants had provided false information in their housing applications. Four people were cautioned for falsely applying for housing. Following an investigation, one right to buy application was blocked preventing a £61k loss.

Activity	Work completed or in progress
	<p>There are currently 17 ongoing investigations in this area.</p> <ul style="list-style-type: none"> • Internal fraud - The team started 12 new investigations for internal frauds in 2015/16. Four cases are currently under investigation. As a result of an investigation a security guard employed by a contractor but working at the council was prosecuted for the theft of council ICT equipment. • External fraud – The team has received 4 referrals relating to third party frauds against the council. One warning was issued for the misuse of council recycling facilities. • Council Tax/Non Domestic Rates fraud – The team completed 40 investigations into CTAX and NNDR fraud in 2015/16 uncovering £14k of fraud. Four people were cautioned for their actions. <p>There are currently 26 investigations in this area.</p> <ul style="list-style-type: none"> • Benefit fraud – Three people have been prosecuted for benefit fraud offences and a further 14 have received formal sanctions (cautions and administrative penalties). Benefits have been corrected in a further 23 cases. <p>On 1 March 2016 the council lost its remit to investigate and prosecute Housing Benefit Fraud as this responsibility transferred to the Department for Work and Pensions. Veritau</p>

Activity	Work completed or in progress
	<p>are now responsible for monitoring and facilitating the DWP's investigations.</p> <ul style="list-style-type: none"> • Council Tax Support fraud – The fraud team maintains responsibility for the investigation of Council Tax Support payments. Veritau identified £50k of fraud in 35 investigations over 2015/16. • Social Care fraud – There are currently 19 ongoing investigations in this area. The fraud team identified £166k of loss to the council in 8 investigations over 2015/16. • Parking fraud – Seventeen cases of blue badge or other parking exemption fraud were referred in 2015/16 resulting in 1 person being successfully prosecuted, 1 person being cautioned and 13 people being issued formal written warnings. <p>There are currently 10 investigations in this area.</p> <ul style="list-style-type: none"> • Financial Assistance Scheme fraud – The fraud team investigate cases where the public falsely apply for assistance from the council. Six cases were referred in 2015/16. The first prosecution in this area has been approved and is shortly due in court. • Education verification – The fraud team is working with the schools team to investigate and deter false applications for school placements. Six investigations were completed in 2015/16 resulting in 3 false applications being stopped.

VARIATIONS TO THE 2016/17 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 Director of CBSS. Details of variations are communicated to the Audit and Governance Committee for information.

2016/17 Audit Plan Variations

The following variations have been approved by the Director of CBSS since the approval of the Audit Plan in April 2016. The variation reduces the overall planned programme of work by 127 days.

Area of Plan	Days	Reason For Variation
Deletions / Reductions from the Audit Plan		
Counter Fraud	-127	Reduction in service to meet the council's budget saving for 2016/17. The reduction represents work on housing fraud, which should be charged to the Housing Revenue Account (HRA). This work will continue under revised arrangements, but be charged directly to the HRA.
	-127	

Annex 5

**SUMMARY OF BREACHES OF FINANCIAL REGULATIONS
IDENTIFIED DURING INTERNAL AUDIT WORK COMPLETED
IN THE PERIOD**

Description of Breach	Instances
Write offs being undertaken without suitable authorisation	1

This page is intentionally left blank

VERITAU**INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME****1.0 Background**Ongoing quality assurance arrangements

Veritau maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with relevant professional standards (specifically the Public Sector Internal Audit Standards). These arrangements include:

- the maintenance of a detailed audit procedures manual
- detailed job descriptions and competency profiles for each internal audit post
- regular performance appraisals
- regular 1:2:1 meetings to monitor progress with audit engagements
- training plans and associated training activities
- the maintenance of training records and training evaluation procedures
- agreement of the objectives, scope and expected timescales for each audit engagement with the client before detailed work commences (audit specification)
- the results of all audit testing work documented using the company's automated working paper system (Galileo)
- file review by an audit manager and sign-off of each stage of the audit process
- post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- performance against agreed quality targets reported to each client on a regular basis.

On an ongoing basis, a sample of completed audit files is also subject to internal peer review by a senior audit manager to confirm quality standards are being maintained. The results of this peer review are documented and any key learning points shared with the internal auditors (and the relevant audit manager) concerned.

The Head of Internal Audit will also be informed of any general areas requiring improvement. Appropriate mitigating action will be taken (for example, increased supervision of individual internal auditors or further training).

Annual self-assessment

On an annual basis, the Head of Internal Audit will seek feedback from each client on the quality of the overall internal audit service. The Head of Internal Audit will also update the PSIAS self assessment checklist and obtain evidence to demonstrate

conformance with the standards. As part of the annual appraisal process, each internal auditor is also required to assess their current skills and knowledge against the competency profile relevant for their role. Where necessary, further training or support will be provided to address any development needs.

The Head of Internal Audit is also a member of various professional networks and obtains information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes.

The results of the annual client survey, PSIAS self-assessment and professional networking are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan and/or individual personal development action plans. The outcomes from this exercise, including details of the Improvement Action Plan are also reported to each client. The results will also be used to evaluate overall conformance with the PSIAS, the results of which are reported to senior management and the board¹ as part of the annual report of the Head of Internal Audit.

External assessment

At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Head of Internal Audit. The outcome of the external assessment also forms part of the overall reporting process to each client (as set out above). Any specific areas identified as requiring further development and/or improvement will be included in the annual Improvement Action Plan for that year.

2.0 Customer Satisfaction Survey – 2016

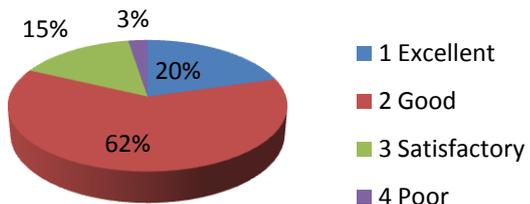
Feedback on the overall quality of the internal audit service provided to each client was obtained in May 2016. Where relevant, the survey also asked questions about the counter fraud and information governance services provided by Veritau. A total of 124 surveys (2015 – 103) were issued to senior managers in client organisations. 41 surveys were returned representing a response rate of 33% (2015 - 32%). The surveys were sent using Survey Monkey so the responses were anonymous. Respondents were asked to rate the different elements of the audit process, as follows:

- Excellent (1)
- Good (2)
- Satisfactory (3)
- Poor (4)

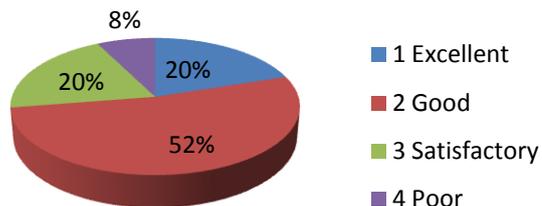
Respondents were also asked to provide an overall rating for the service. The results of the survey are set out in the charts below:

¹ As defined by the relevant audit charter.

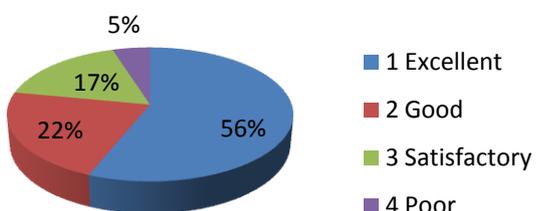
1 The quality of planning and the overall coverage of the audit plan



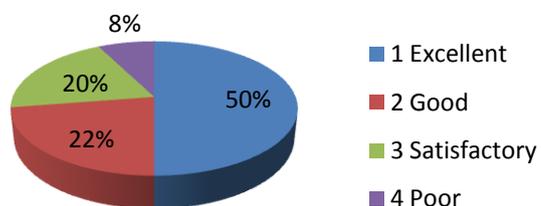
2 The provision of advice and guidance



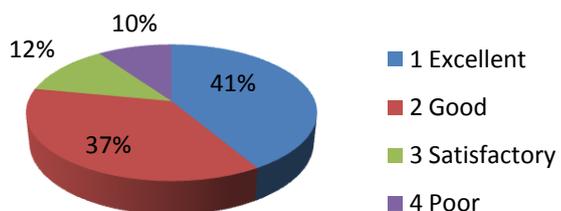
3 The conduct and professionalism of audit staff



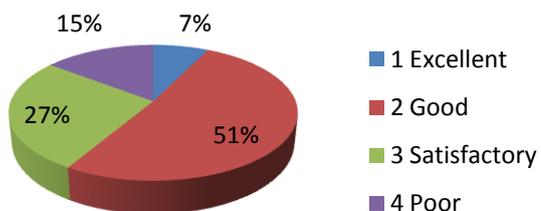
4 The ability of audit staff to provide unbiased and objective opinions



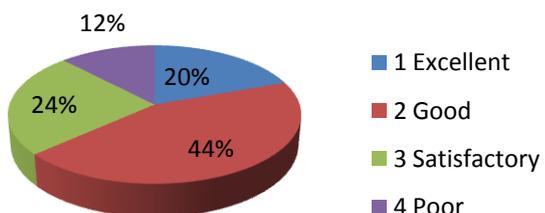
5 The ability of audit staff to establish a positive rapport with customers



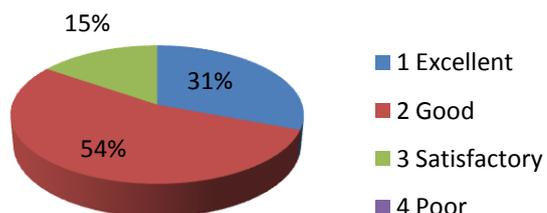
6 The auditors' overall knowledge of the system / service being audited



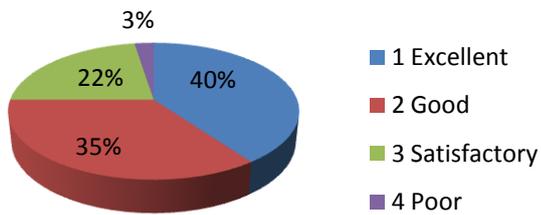
7 The auditors' ability to focus on the areas of greatest risk



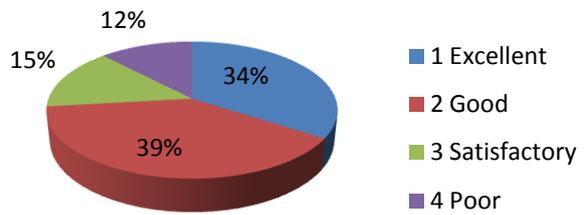
8 Agreeing the scope and objectives of the audit



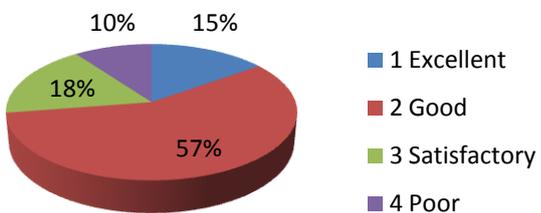
9 The auditors' ability to minimise disruption to the service being audited



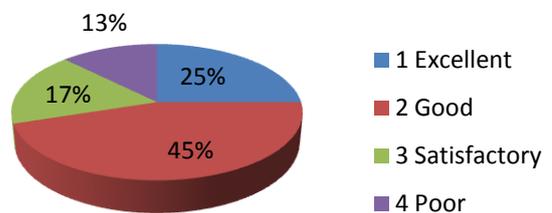
10 The communication of issues found by the auditors during their work



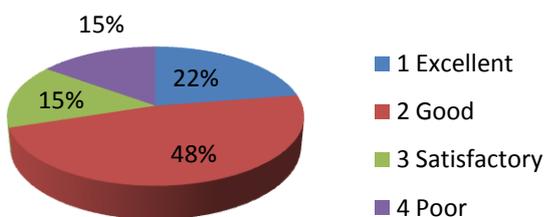
11 The quality of feedback at the end of the audit



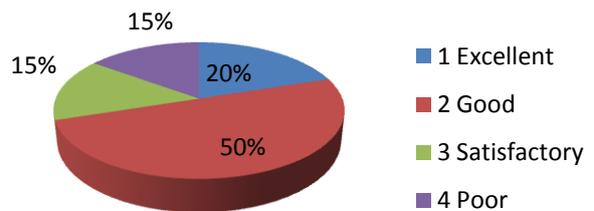
12 The accuracy, format, length and style of audit reports



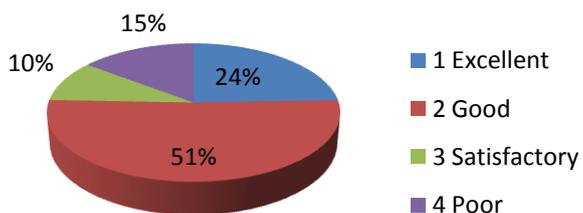
13 The relevance of audit opinions and conclusions



14 The extent to which agreed actions are constructive and practical



Overall rating for the Internal Audit services provided by Veritau



The overall ratings in 2015 were:

Excellent – 8 (27%)

Good – 19 (63%)

Satisfactory – 3 (10%)

Poor – 0 (0%)

The feedback shows that the majority of clients continue to value the service being delivered. A small number of respondents ranked the service as poor but did not provide any further comments or suggestions for improvement.

3.0 Self Assessment Checklist – 2016

The checklist prepared by CIPFA to enable conformance with the PSIAS and the Local Government Application Note to be assessed was originally completed in March 2014. Documentary evidence was provided where current working practices were considered to fully or partially conform to the standards.

In most areas the current working practices were considered to be at standard. However, a few areas of non-conformance were identified. None of the issues identified were however considered to be significant. In addition, in some cases, the existing arrangements were considered appropriate for the circumstances and hence required no further action.

The checklist has been reviewed and updated in 2016. The following areas of non-conformance remain unchanged:

<u>Conformance with Standard</u>	<u>Current Position</u>
Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the Head of Internal Audit?	The Head of Internal Audit's performance appraisal is the responsibility of the board of directors. The results of the annual customer satisfaction survey exercise are however used to inform the appraisal.
Is feedback sought from the chair of the audit committee for the Head of Internal Audit's performance appraisal?	See above
Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the audit committee before the engagement was accepted?	Consultancy services are usually commissioned by the relevant client officer (generally the s151 officer). The scope (and charging arrangements) for any specific engagement will be agreed by the Head of Internal Audit and the relevant client officer. Engagements will not be accepted if there is any actual or

<u>Conformance with Standard</u>	<u>Current Position</u>
	perceived conflict of interest, or which might otherwise be detrimental to the reputation of Veritau.
Does the risk-based plan set out the - (b) respective priorities of those pieces of audit work?	Audit plans detail the work to be carried out and the estimated time requirement. The relative priority of each assignment will be considered before any subsequent changes are made to plans. Any significant changes to the plan will need to be discussed and agreed with the respective client officers (and reported to the audit committee).
Are consulting engagements that have been accepted included in the risk-based plan?	Consulting engagements are commissioned and agreed separately.
Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	Whilst reliance may be placed on other sources of assurances there is no formal process to identify and assess such sources. However, assurance mapping will be used where appropriate and audit plans will highlight where other sources of assurance are being relied upon.

4.0 External Assessment

As noted above, the PSIAS require the Head of Internal Audit to arrange for an external assessment to be conducted at least once every five years to ensure the continued application of professional standards. The assessment is intended to provide an independent and objective opinion on the quality of internal audit practices.

Whilst the new Standards were only adopted in April 2013, the decision was taken to request an assessment at the earliest opportunity in order to provide assurance to our clients. The assessment was conducted by Gerry Cox and Ian Baker from the South West Audit Partnership (SWAP) in April 2014. Both Gerry and Ian are experienced internal audit professionals. The Partnership is a similar local authority controlled company providing internal audit services to over 12 local authorities (including county, unitary and district councils across Somerset, Wiltshire and Dorset).

The assessment consisted of a review of documentary evidence, including the self-assessment, and face to face interviews with a number of senior client officers and Veritau auditors. The assessors also interviewed an audit committee chair.

The conclusion from the external assessment was that working practices conform to the required professional standards. Copies of the detailed assessment report were provided to client organisations and, where appropriate, reported to the relevant audit committee.

5.0 Improvement Action Plan

Last year's quality assurance process identified the following required changes and improvements:

Change / improvement	Progress to date
The standard specification template will be updated to ensure that the expectations on Veritau and the relevant client organisation in terms of access to records and the distribution of reports (including the extent of any duty of care provided to third parties) are fully understood. Where appropriate, information sharing agreements will also be established with client organisations.	Completed. A new specification template has been adopted. Veritau has also signed the multi agency information sharing protocol. As well as its member councils, other signatories include North Yorkshire Police, North Yorkshire Fire and Rescue Authority plus various NHS organisations and housing associations.
Checklists will be provided to assist auditors ensure all stages of the audit process are fully completed on Galileo.	Completed.
Templates for 'non-standard' reports (for example – consultancy, fraud and special assignments) will be developed.	Completed.

The internal peer review has highlighted the need for further training to be provided on sampling and testing. This will be completed by 30 September 2016. No other changes or improvements to working practices have been identified as a result of this year's quality assurance process. To further enhance the overall effectiveness of the service, the Veritau business plan also includes a number of areas for further development, including:

- Preparation of a data analytics strategy
- Further development of in-house technical IT audit expertise
- Increased use of data matching to identify savings / data quality issues
- Development of a fraud awareness e-learning course.

6.0 Overall Conformance with PSIAS (Opinion of the Head of Internal Audit)

Based on the results of the quality assurance process I consider that the service generally conforms to the Public Sector Internal Audit Standards, including the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

The guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards. 'Partially conforms' means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit service from performing its responsibilities in an acceptable manner. 'Does not conform' means the deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit service from performing adequately in all or in significant areas of its responsibilities.



Project Management

City of York Council

Internal Audit Report 2015/16

Business Unit: Corporate and Cross Cutting
 Responsible Officer: Chief Executive
 Date Issued: 25/05/2016
 Status: Final
 Reference: 19120/004

	P1	P2	P3
Actions	0	3	1
Overall Audit Opinion	Limited Assurance		

Summary and Overall Conclusions

Introduction

Projects are mechanisms for changing services and the organisation. They need to be well managed to ensure that they deliver their intended benefits, to time and to budget. All projects involve risk and good project management identifies and manages the risks involved with projects undertaken.

As part of the delivery of the council's priorities, transformational work and infrastructure projects, the council have a large number of programmes and projects. These vary in scale from multi-million pound programmes and projects that operate at a corporate level, e.g. Rewiring, major infrastructure projects, to small scale projects within directorates. The council has adopted formal project methodologies for managing projects across the authority including Managing Successful Programmes (MSP) and Projects (PRINCE 2) and Agile for ICT.

The council has also moved towards the use of a central ICT system that acts as a central point for all projects, VERTO.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- The council's chosen project management methodologies have been embedded within the organisation, including the training of officers,
- Individual projects are managed in accordance with the council's standard methodologies (specific to the individual project).

This review did not include any programmes or projects that are under review from Mazars or the Audit and Governance Committee.

Key Findings

At the time of the audit (audit testing started in July 2015 and finished in early January 2016), a number of areas were identified as requiring attention. These areas have either been addressed or are in the process of being agreed to ensure that the project management toolkit (All About Projects) is at the core of project management across the Council.

- Amendments have been made to the toolkit which was first introduced at the December 2015 Audit and Governance Committee. The toolkit was implemented on the recommendation of the council's external auditors as part of the audit on the Adult Social Care EPH project to ensure that all project and programme managers can properly initiate and plan their projects. The toolkit introduced clarity around whether a project is the correct method of delivery for a specific issue, roles and responsibilities within and throughout the lifetime

of the project and it introduced the concepts of gateways within a project. Areas that have been strengthened since the audit was completed include the discovery phase of the project and the gateway process.

- It was unclear at the time of the audit, whose responsibility the maintenance of the toolkit was going forward given the number of changes that have taken place regarding the Transformation Team and the Office of the Chief Executive. This is in the process of being agreed as part of the corporate programme structure.
- The toolkit itself has many templates and guidance documents. It was found that the template for the risk register did not align to the council's Risk Management Guidance (October 2015). This has been addressed in the revised version¹ as well as including the council's Risk Management Guidance for reference within the toolkit links.
- The council does not have an overall central register for projects. Within the toolkit a project is clearly defined and a matrix must be completed to quantify the size of the project. This will assist with the completion of a project register going forward and responsibility for directorate project registers will be formally assigned.
- Whilst VERTO is the council's central project management system, there is no formal council-specific user guide and no mandatory information required when inputting into the system. VERTO has recently been reconfigured to support the new toolkit. Additional information/configuration will be addressed.
- The Children's Social Care Records project was reviewed to ensure compliance with current project management guidance. The project was found to have all required documentation and governance arrangements but issues were found with the completeness of some documentation and the information recorded around the data migration process. These issues are subject to a separate report.

Overall Conclusions

The audit examined project management arrangements within the council during a period of significant change and did not examine individual projects in detail. Whilst the underlying principles of project management at the council remain unchanged, at the time of the audit there was evidence to support that there were control weaknesses in key areas. Our overall opinion of the controls within project management at the time of the audit was that they provided **Limited Assurance**. However, since the audit was undertaken there has been a considerable amount of work to ensure that a robust framework is in place and the Council's Management Team (CMT) has mandated that all Project Managers use the new project management toolkit.

¹ All about Projects (April 2016)

1 Formal ownership of project management

Issue/Control Weakness

Compliance with the new corporate project management toolkit (All About Projects) will not be monitored and updates to the toolkit may not be made as and when required.

Risk

Without central monitoring, projects may not follow the corporate project management toolkit and therefore may not be appropriately authorised at key points or may not be completed within planned timescales.

The council may face negative publicity if projects are not appropriately managed.

Findings

In July 2015, the re-wiring York transformation programme was placed back within directorates from the central transformation team. It was therefore necessary for there to be clear corporate instructions on how to manage projects successfully. A new Project Management toolkit (all About Projects) was launched by the Assistant Director Transformation and Change in December 2015 to ensure that all council officers had the necessary templates and guidance notes to manage successful projects and programmes of work. It was also introduced in response to the recommendations made by the Council's external auditors as part of the audit on the Adult Social Care EPH project.

The fixed term post of Assistant Director Transformation and Change ended on 31 March 2016 and since 1st April there is no longer an Office of the Chief Executive directorate. With these significant changes occurring within the council it is important that the roles and responsibilities for overall project management are formally re-allocated to ensure that there is continuity in the corporate project management approach.

Whilst in the process of finalising the audit, CMT were in discussions to identify a Corporate Programme Structure. Once agreed this will form the framework of all ongoing project and programme work and responsibilities.

Agreed Action 1.1

CMT will identify the corporate programme management structure, with CMT acting as the overarching/corporate programme board meeting every two months.

To manage the overarching programme, a programme lead will be identified for each Directorate. With CMT, the Directorate programme leads will manage the prioritisation process and ensure that the necessary documentation is in place for each programme. CMT will agree a reporting mechanism that will ensure that the Executive, Audit & Governance and relevant scrutiny groups have the required information.

Priority

2

Responsible Officer

Chief Executive

Timescale

Implemented

2 Project Management Toolkit - Risk Management

Issue/Control Weakness

Within the new project management toolkit the information and templates included for risk management do not align to the council's approved Risk Management Guidance.

Risk

Project risks are not monitored and managed in line with the council's approved policy, strategy and guidance.

Findings

A review of the new project management toolkit confirmed that the risk register is a document used to establish record, track and manage risks to the project. It also confirms that in listing the mitigations, stakeholders can be assured that the right support is in place to minimise any potential risks. It notes that people within the project should identify potential risks using the council's Risk Management Guidance and provides a template to record this information for smaller projects. For medium and large projects the risks will be recorded and managed through the VERTO project management system.

The template included as part of the toolkit did not align itself to the council's corporate requirements of a risk register template (as defined in the Risk Management Guidance - October 2015). This has subsequently been addressed in the revised version of All about Projects (April 2016) as well as including the CYC Risk Management Guidance for reference within the toolkit links.

Agreed Action 2.1

The risk register section of the project toolkit (All About Projects) has been revised to ensure that it is in-line with the council's Risk Management guidance. Templates within VERTO and the toolkit have been updated.

Priority

2

Responsible Officer

Programme Manager

Timescale

Implemented

3 Central Register for Council Projects

Issue/Control Weakness

There is currently no central register of all projects of the council is involved with.

Directorate Management Teams (DMTs) do not have a record of all directorate projects and minutes are not taken of meetings to confirm which projects had been discussed.

Risk

The council can not quantify the number and work of its projects or report on their significance to the overall corporate priorities/strategy.

Findings

When the audit was conducted it was found that there was no overall register at corporate or directorate level for projects. The VERTO system is not being used to record all projects, although there was a programme to roll it out across directorates. DMTs did not record projects within a register or formally record their management team meetings where projects are discussed.

The project assessment matrix which should to be completed as part of the Pre-Project phase of the new toolkit should form the basis of the project risk register going forward. This assessment assists in judging the size of the project and the level of controls required to manage the project effectively. The toolkit also gives a formal definition of a project (see annex A) which should be used going forward to clarify which tasks should be formally recorded as a project.

Agreed Action 3.1

DMTs will be responsible for the directorate project register and the Directorate lead will ensure it is complete and up to date. Each directorate will keep a register of projects within their directorate which will make up their directorate programme. This will feed into the corporate programme.

Priority

2

Responsible Officer

Directorate Leads

Timescale

30 September 2016

All medium and large projects will be held within VERTO as a corporate standard– making VERTO a central register for the Councils significant projects. Small projects will not necessarily be entered into VERTO but will be recorded and monitored within the directorate registers.

4 VERTO - a council-wide standard approach

Issue/Control Weakness	Risk
<p>There will need to be standardisation of templates and information within the system as the system is rolled out to directorates including mandatory fields to ensure that the correct sections are completed on forms.</p>	<p>The central corporate project management system is not maintained and information entered is not fit for purpose leading to gaps and incomplete reports being pulled from the system.</p>

Findings

In the December report on Project Management to the Audit and Governance Committee, it was reported that:

'In order to complement the project management toolkit and to ensure a consistent, well managed approach to programme and project management, a new web based system is being rolled out. It is called Verto. Each phase of a programme or project is managed within the system and it provides a gateway process for the project manager to ensure that all requirements are met before moving to the next project phase. All work from planning to risk management is controlled in the system and all involved in the projects have access to update and view the information where appropriate. This allows a wider oversight for all stakeholders involved in the projects and those involved in the quality assurance of the systems in place (such as internal audit).'

It was found during the audit that there was no council-specific user guide for VERTO and no specific customisation of the system had been made to ensure that the information captured married up with the project toolkit/risk management requirements. Work recently undertaken has aligned the All About Projects templates with the VERTO system and work is ongoing to add narrative into the system to ensure that there are logical processes to follow within the system. Going forward, the system may require an assigned administrator to maintain the system but this will be reviewed as part of the overall programme management structure by CMT.

Agreed Action 4.1

The VERTO system has been updated to reflect the revised All About Projects templates – some work has also been carried out within the system to make it easier to navigate. There is a user guide available which has been put together by another local authority which will be revised as the system is rolled out.

Resources for VERTO will be considered by CMT as part of the overall approach to programme management.

Priority	3
Responsible Officer	Programme Manager
Timescale	Implemented

Definition of a project:

A project is typically described as a 'temporary group activity designed to deliver one or more product, service or result according to a specified business case.' In other words:

- A project is temporary – it has a clear start and end date, and therefore defined scope and resources
- It has specified deliverables (services or products) that can be measured
- It has a number of tasks to deliver those services or products
- A project is unique - it is not a routine operation (business as usual), but a specific set of operations designed to accomplish one or more goals
- A project team often includes people who don't usually work together – sometimes from different organisations but always with clear roles and responsibilities

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	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 Assurance	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 Assurance	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.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

Where information resulting from audit work is made public or is provided to a third party by the client or by Veritau then this must be done on the understanding that any third party will rely on the information at its own risk. Veritau will not owe a duty of care or assume any responsibility towards anyone other than the client in relation to the information supplied. Equally, no third party may assert any rights or bring any claims against Veritau in connection with the information. Where information is provided to a named third party, the third party will keep the information confidential.



S117 of the Mental Health Act

City of York Council

Internal Audit Report 2015/16

Business Unit: Adult Social Services (AS)
 Responsible Officer: Assistant Director Adult Social Services
 Date Issued: 12 April 2016
 Status: Final
 Reference: 11590/001

	P1	P2	P3
Actions	1	1	0
Overall Audit Opinion	Limited Assurance		

Summary and Overall Conclusions

Introduction

Section 117 of the Mental Health Act 1983 (MHA) imposes a duty on Clinical Commissioning Groups (CCGs) and Local Authorities (LAs) to provide or arrange for the provision of aftercare services for individuals who have left hospital after ceasing to be detained under sections 3, 37, 45A, 47 or 48 of the MHA.

People who are detained under the relevant sections of the MHA are automatically entitled to the aftercare under s117 as part of their discharge, and will have a care plan jointly agreed by the NHS Provider Trust and the LA. Care provided as part of s117 must be provided free of charge to the service user.

There have been some recent changes that have come in as a result of the Care Act 2014 – these mainly concern residency of the individual and therefore which LA is responsible for paying for the parts of the care provided through the LA.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- There are effective arrangements in place to ensure:
 - Eligibility for s117 aftercare is confirmed;
 - Correct identification of responsible CCG;
 - Effective utilisation of commissioned services;
 - Appropriate agreement / allocation of health and social care funding (partnership working);
 - Consideration of value for money.
- Requests for non-commissioned services are analysed to identify trends, demand and scope for future commissioning decisions.
- Reviews are undertaken on a timely and consistent basis and include all parties.
- There are arrangements in place to handle complaints in accordance with the MHA and learning from complaints is used to improve the process.

The work carried out included review of the process for discharges from s117 and the arrangements for apportioning financial responsibility for funding for care.

The audit examined the processes in place at the council and the NHS Partnership Commissioning Unit. The audit was carried out as a joint audit with North Yorkshire Audit Services. This report will focus on council procedures; an additional report was issued by North Yorkshire Audit Services to their client organisations.

Key Findings

S117 operates as a part of the overall social care arrangements within the council, and procedures around assessing the care needs, commissioning a package and reviewing the package and eligibility are operated in line with the council's procedures for adult social care. There are additional factors however to consider with services provided under s117, including the correct identification of the responsible local authority and a periodic review of the eligibility to receive care under s117. Failure to consider the additional requirements of s117 can lead to additional issues at a later date, including additional costs and procedures to be followed in subsequent instances of care provision.

The key finding in the report relates to reviewing of eligibility for s117 aftercare not being included in the standard process for the review of care packages. Although there is a procedure for triggering reviews when they are due there is currently a backlog of reviews for some care packages, including some s117 care packages. Services provided under s117 are commissioned in line with standard arrangements for social care services.

Although the authority is generally aware of its responsibilities in relation to s117, there exists no comprehensive set of embedded procedural documentation to support the s117 process. Key parts of the process that should be based on standardised formal procedures are the joint working relationship with the NHS Provider Trusts and CCGs as well as the additional step in the review process for a care package to include whether it would be appropriate to discharge the recipient from s117. Decisions made relating to allocation of responsibility and funding arrangements may also benefit from being based on formal procedures. A key finding in the report relates to procedural documentation.

Complaints made in relation to s117 would be made in line with standard council complaints procedures. No complaints specific to s117 were identified.

Overall Conclusions

It was found that the arrangements for managing risk were poor with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided Limited Assurance.

1 Reviews

Issue/Control Weakness	Risk
------------------------	------

There is no procedure in place to review eligibility for s117 aftercare

The council’s s117 provisions may be inadequately monitored and additional costs may be incurred. The council may also be in breach of the MHA Code of Practice

Findings

The council undertakes reviews of adult social care packages and uses Frameworki in order to monitor when reviews are due. The eligibility for the care package to be provided under s117 is not included as part of the review however and there is no current procedure or guidance currently available to staff to add this into the review.

The Department of Health Code of Practice (Mental Health Act 1983) states that “The duty to provide after-care services exists until both the CCG and the local authority are satisfied that the patient no longer requires them. The circumstances in which it is appropriate to end s117 aftercare will vary from person to person and according to the nature of the services being provided.”

It is therefore necessary for the council to have a procedure to identify where s117 eligibility has ended and how to correctly remove the eligibility in conjunction with the CCG in order to comply with official guidance and deliver s117 aftercare only to those persons eligible.

Agreed Action 1.1

A procedure for undertaking reviews of s117 eligibility will be brought in with the new Care Management System, Mosaic

Priority	1
Responsible Officer	Assistant Director Adult Social Care [MM]
Timescale	October 2016

2 Policy and procedural documentation

Issue/Control Weakness	Risk
There is no embedded s117 policy and limited formal procedural documentation	There may be a lack of clarity in what the appropriate procedures are in terms of best practice and legislative requirements

Findings

There is no embedded policy for all parts of s117 within the council, and limited formal documentation for working practices and procedural requirements, including joint working and communication arrangements for working with NHS organisations in coordinating the provision of s117 care, identification of the liable organisations and reasonable apportioning of cost. As s117 aftercare provision operates inside standard arrangements for adult social care provision it is important that the aspects of the aftercare provision that are specific to s117 are documented for reference and review, and so it can be ensured that all parts of the s117 aftercare provision are in compliance with the latest best practice and legislative requirements of the MHA.

Agreed Action 2.1

Work will be undertaken to agree and formalise and working procedures to align with Tees Esk Wear Valley.

Priority	2
Responsible Officer	Assistant Director Adult Social Care [MM]
Timescale	October 2016

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	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 Assurance	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 Assurance	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.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

Where information resulting from audit work is made public or is provided to a third party by the client or by Veritau then this must be done on the understanding that any third party will rely on the information at its own risk. Veritau will not owe a duty of care or assume any responsibility towards anyone other than the client in relation to the information supplied. Equally, no third party may assert any rights or bring any claims against Veritau in connection with the information. Where information is provided to a named third party, the third party will keep the information confidential.

This page is intentionally left blank

**Audit and Governance Committee**

22 June 2016

Report of the Head of Internal Audit

Internal Audit Charter

Summary

- 1 The committee is asked to approve changes to the council's internal audit charter.

Background

- 2 Standards for internal audit in local government are set by the Chartered Institute of Public Finance and Accountancy (Cipfa). From 1 April 2016 Cipfa adopted changes to the Public Sector Internal Audit Standards (PSIAS). Revisions to the council's internal audit charter are required to reflect these changes. A number of other minor changes to the charter are also required.

Changes to the PSIAS and internal audit charter

- 3 The Accounts and Audit Regulations 2015 require the council to have an effective internal audit service that complies with public sector internal audit standards. Cipfa is responsible for setting those standards for councils.
- 4 Cipfa works jointly with other bodies responsible for internal audit standards in the UK public sector (such as HM Treasury and the Department of Health) to produce common standards - the Public Sector Internal Audit Standards (PSIAS). The PSIAS are based on standards set by the Global Institute of Internal Auditors (IIA).
- 5 In July 2015, Global IIA made changes to their standards including the addition of a Mission and Core Principles for the Professional Practice of Internal Auditing. To ensure the UK public sector standards continue to reflect the IIA standards,

the Mission and Core Principles have been adopted in the PSIAS from April 2016.

- 6 To reflect the changes to the standards, a number of additions to the council's internal audit charter are required. The proposed new charter is included in annex 1, with amendments shown as tracked changes.
- 7 A number of other minor changes are included in annex 1. These reflect changes in wording in the Accounts and Audit Regulations and job titles.

Consultation

- 8 Not relevant for the purposes of the report.

Options

- 9 Not relevant for the purposes of the report.

Analysis

- 10 Not relevant for the purpose of the report.

Council Plan

- 11 The work of internal audit supports the council's overall aims and priorities by promoting probity, integrity and honesty and by helping to make the council a more effective organisation.

Implications

- 12 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

- 13 The council will not comply with the requirements of the Accounts and Audit Regulations 2015 if it does not have an audit charter which is in accordance with proper practice for internal audit (the PSIAS).

Recommendation

- 14 Members are asked to;
- consider the proposed internal audit charter at annex 1 and approve its adoption on behalf of the council.

Reason

In accordance with the responsibility of the committee to consider reports dealing with the management of the internal audit function, and to comply with proper practice for internal audit.

Contact Details

Author:

Max Thomas
Head of Internal Audit
Veritau Limited
Telephone: 01904
552940

Chief Officer Responsible for the report:

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

**Report
Approved**



Date 8 June 2016

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

- The Public Sector Internal Audit Standards 2016
- Cipfa local government application note for the United Kingdom Public Sector Internal Audit Standards

Annexes

- Annex 1 – proposed internal audit charter



City of York Council Internal Audit Charter

15 June 2016

1 Introduction

- 1.1 There is a statutory duty on the council to undertake an internal audit of the effectiveness of its risk management, control and governance processes. The Accounts and Audit Regulations 2015 also require that the audit takes into account public sector internal auditing standards or guidance. The Chartered Institute of Public Finance and Accountancy (Cipfa) is responsible for setting standards for proper practice for local government internal audit in England.
- 1.2 From 1 April 2016 Cipfa adopted revised Public Sector Internal Audit Standards (PSIAS)¹ compliant with the Institute of Internal Auditors' (IIA) International Standards. The PSIAS and Cipfa's local government application note for the standards represent proper practice for internal audit in local government. This charter sets out how internal audit at City of York Council will be provided in accordance with this proper practice.
- 1.3 This charter should be read in the context of the wider legal and policy framework which sets requirements and standards for internal audit, including the Accounts and Audit Regulations, the PSIAS and application note, and the council's constitution and financial regulations.

2 Definitions

- 2.1 The standards include reference to the roles and responsibilities of the "board" and "senior management". Each organisation is required to define these terms in the context of its own governance arrangements. For the purposes of the PSIAS these terms are defined as follows at City of York Council.

"Board" – the Audit and Governance Committee fulfil the responsibilities of the board, in relation to internal audit standards.

"Senior Management" – in the majority of cases, the term senior management in the PSIAS should be taken to refer to the Director of CBSS in his role as s151 officer. This includes all functions relating directly to overseeing the work of internal audit. In addition, senior management may also refer to any other director of the council individually (including the Chief Executive) or collectively as Council Management Team (CMT) in relation to:

- having direct and unrestricted access for reporting purposes
- consulting on risks affecting the council for audit planning purposes
- approving the release of information arising from an audit to any third party.

¹ The PSIAS were adopted jointly by relevant internal audit standard setters across the public sector.

2.2 The standards also refer to the “chief audit executive”. This is taken to be the Head of Internal Audit (Veritau).

3 Application of the standards

3.1 In line with the PSIAS, the mission of internal audit at City of York Council is:

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”

3.2 The council requires that the internal audit service aspires to achieve the mission through its overall arrangements for delivery of the service. In aiming to achieve this, the council expects that the service:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

3.3 The PSIAS defines internal audit as follows.

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

3.4 The council acknowledges the mandatory nature of this definition and confirms that it reflects the purpose of internal audit in York. The council also requires that the service be undertaken in accordance with the code of ethics and standards set out in the PSIAS.

4 Scope of internal audit activities

4.1 The scope of internal audit work will encompass the council’s entire control environment², comprising its systems of governance, risk management, and control.

² For example the work of internal audit is not limited to the review of financial controls only.

- 4.2 The scope of audit work also extends to services provided through partnership arrangements, irrespective of what legal standing or particular form these may take. The Head of Internal Audit, in consultation with all relevant parties and taking account of audit risk assessment processes, will determine what work will be carried out by the internal audit service, and what reliance may be placed on the work of other auditors.

5 Responsibilities and objectives

- 5.1 The Head of Internal Audit is required to provide an annual report to the Audit and Governance Committee. The report will be used by the committee to inform its consideration of the council's annual governance statement. The report will include:

- the Head of Internal Audit's opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control
- any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
- any particular control weakness judged to be relevant to the preparation of the annual governance statement
- a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
- an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme
- a statement on conformance with the PSIAS.

- 5.2 To support the opinion the Head of Internal Audit will ensure that an appropriate programme of audit work is undertaken. In determining what work to undertake the service should:

- adopt an overall strategy setting out how the service will be delivered in accordance with this charter
- draw up an indicative risk based audit plan on an annual basis which takes account of the requirements of the charter, the strategy, and proper practice.

- 5.3 In undertaking this work, responsibilities of the internal audit service will include:

- providing assurance to the board and senior management on the effective operation of governance arrangements and the internal control environment operating at the council
- objectively examining, evaluating and reporting on the probity, legality and value for money of the council's arrangements for service delivery

- reviewing the council's financial arrangements to ensure that proper accounting controls, systems and procedures are maintained and, where necessary, for making recommendations for improvement
- helping to secure the effective operation of proper controls to minimise the risk of loss, the inefficient use of resources and the potential for fraud and other wrongdoing
- acting as a means of deterring all fraudulent activity, corruption and other wrongdoing; this includes conducting investigations into matters referred by members, officers, and members of the public and reporting findings to directors and members as appropriate for action
- advising the council on relevant counter fraud and corruption policies and measures, for example the counter fraud and corruption policy.

5.4 The Head of Internal Audit will ensure that the service is provided in accordance with proper practice as set out above and in accordance with any other relevant standards – for example council policy and legal or professional standards and guidance.

5.5 In undertaking their work, internal auditors should have regard to:

- the mission of internal audit and core principles as set out in the PSIAS and reflected in this charter
- the code of ethics in the PSIAS³
- the codes of any professional bodies of which they are members
- standards of conduct expected by the council
- the Committee on Standards in Public Life's *Seven Principles of Public Life*.

6 Organisational independence

6.1 It is the responsibility of directors and service managers to maintain effective systems of risk management, internal control, and governance. Auditors will have no responsibility for the implementation or operation of systems of control and will remain sufficiently independent of the activities audited to enable them to exercise objective professional judgement.

6.2 Audit advice and recommendations will be made without prejudice to the rights of internal audit to review and make further recommendations on relevant policies, procedures, controls and operations at a later date.

6.3 The Head of Internal Audit will put in place measures to ensure that individual auditors remain independent of areas they are auditing for example by:

³ Veritau has adopted its own code of ethics which fulfil the requirements of the PSIAS.

- rotation of audit staff
- ensuring staff are not involved in auditing areas where they have recently been involved in operational management, or in providing consultancy and advice⁴
- seeking external oversight of any audit of functional activities managed by the Head of Internal Audit through Veritau client management arrangements.

7 Accountability, reporting lines, and relationships

- 7.1 Internal audit services are provided under contract to the council by Veritau. The company is a separate legal entity. Staff undertaking internal audit work are employed by Veritau or are seconded to the company from the council. The Assistant Director CBSS (finance, property & procurement) acts as client officer for the contract, and is responsible for overall monitoring of the service.
- 7.2 In its role in providing an independent assurance function, Veritau has direct access to members and senior managers and can report uncensored to them as considered necessary. Such reports may be made to the:
- Council, Cabinet, or any committee (including the Audit & Governance Committee)
 - Chief Executive
 - Director of CBSS (s151 officer)
 - monitoring officer
 - other directors, assistant directors and managers.
- 7.3 The Director of CBSS (as s151 officer) has a statutory responsibility for ensuring that the council has an effective system of internal audit in place. In recognition of this, a protocol has been drawn up setting out the relationship between internal audit and the Director of CBSS. This is included in Appendix 1.
- 7.4 The Head of Internal Audit will report independently to the Audit and Governance Committee⁵ on:
- proposed allocations of audit resources
 - any significant risks and control issues identified through audit work
 - his/her annual opinion on the council's control environment.
- 7.5 The Head of Internal Audit will informally meet in private with members of the Audit and Governance Committee, or the committee as a whole as required.

⁴ auditors will not be used on internal audit engagements where they have had direct involvement in the area within the previous 12 months

⁵ The committee charged with overall responsibility for governance at the council.

Meetings may be requested by committee members or the Head of Internal Audit.

- 7.6 The Audit and Governance Committee will oversee (but not direct) the work of internal audit. This includes commenting on the scope of internal audit work and approving the annual audit plan. The committee will also protect and promote the independence and rights of internal audit to enable it to conduct its work and report on its findings as necessary⁶.

8 Fraud and consultancy services

- 8.1 The primary role of internal audit is to provide assurance services to the council. However, the service is also required to undertake fraud investigation and other consultancy work to add value and help improve governance, risk management and control arrangements.
- 8.2 The prevention and detection of fraud and corruption is the responsibility of directors and service managers. However, all instances of suspected fraud and corruption must be notified to the Head of Internal Audit, who will decide on the course of action to be taken in consultation with relevant service managers and/or other advisors (for example human resources). Where appropriate, cases of suspected fraud or corruption will be investigated by Veritau.
- 8.3 Where appropriate, Veritau may carry out other consultancy related work, for example specific studies to assess the economy, efficiency, and effectiveness of elements of service provision. The scope of such work will be determined in conjunction with service managers. Such work will only be carried out where there are sufficient resources and skills within Veritau and where the work will not compromise the assurance role or the independence of internal audit.

9 Resourcing

- 9.1 As part of the audit planning process the Head of Internal Audit will review the resources available to internal audit, to ensure that they are sufficient to meet the requirements to provide an opinion on the council's control environment. Where resources are judged to be insufficient, recommendations to address the shortfall will be made to the Director of CBSS and to the Audit and Governance Committee.

10 Rights of access

- 10.1 To enable it to fulfil its responsibilities, the council gives internal auditors employed by Veritau the authority to:

⁶ The relationship between internal audit and the Audit and Governance Committee is set out in more detail in Appendix 2.

- enter all council premises or land, at any reasonable time
- have access to all data, records, documents, correspondence, or other information - in whatever form - relating to the activities of the council
- have access to any assets of the council and to require any employee of the council to produce any assets under their control
- be able to require from any employee or member of the council any information or explanation necessary for the purposes of audit.

10.2 Directors and service managers are responsible for ensuring that the rights of Veritau staff to access premises, records, and personnel are preserved, including where the council's services are provided through partnership arrangements, contracts or other means.

11 Review

11.1 This charter will be reviewed periodically by the Head of Internal Audit. Any recommendations for change will be made to the Director of CBSS and the Audit and Governance Committee, for approval.

**Relationship between the Director of CBSS
(the s151 Officer) and internal audit**

- 1 In recognition of the statutory duties of the council's Director of CBSS (the director) for internal audit, this protocol has been adopted to form the basis for a sound and effective working relationship between the director and internal audit.
 - (i) The Head of Internal Audit (HoIA) will seek to maintain a positive and effective working relationship with the director.
 - (ii) Internal audit will review the effectiveness of the council's systems of control, governance, and risk management and report its findings to the director (in addition to the Audit and Governance Committee).
 - (iii) The director will be asked to comment on those elements of internal audit's programme of work that relate to the discharge of his/her statutory duties. In devising the annual audit plan and in carrying out internal audit work, the HoIA will give full regard to the comments of the director.
 - (iv) The HoIA will notify the director of any matter that in the HoIA's professional judgement may have implications for the director in discharging his/her s151 responsibilities.
 - (v) The director will notify the HoIA of any concerns that he/she may have about control, governance, or suspected fraud and corruption and may require internal audit to undertake further investigation or review.
 - (vi) The HoIA will be responsible for ensuring that internal audit is provided in accordance with proper practice.
 - (vii) If the HoIA identifies any shortfall in resources which may jeopardise the ability to provide an opinion on the council's control environment, then he/she will make representations to the director, as well as to the Audit and Governance Committee.
 - (viii) The director will protect and promote the independence and rights of internal audit to enable it to conduct its work effectively and to report as necessary.

**Relationship between the Audit and Governance
Committee and internal audit**

- 1 The Audit and Governance Committee plays a key role in ensuring the council maintains a robust internal audit service and it is therefore essential that there is an effective working relationship between the committee and internal audit. This protocol sets out some of the key responsibilities of internal audit and the committee.
- 2 The Audit and Governance Committee will seek to:
 - (i) raise awareness of key aspects of good governance across the organisation, including the role of internal audit and risk management
 - (ii) ensure that adequate resources are provided by the council so as to ensure that internal audit can satisfactorily discharge its responsibilities
 - (iii) protect and promote the independence and rights of internal audit to conduct its work properly and to report on its findings as necessary.
- 3 Specific responsibilities in respect of internal audit include the following.
 - (i) Oversight of, and involvement in, decisions relating to how internal audit is provided.
 - (ii) Approval of the internal audit charter.
 - (iii) Consideration of the annual report and opinion of the Head of Internal Audit (HoIA) on the council's control environment.
 - (iv) Consideration of other specific reports detailing the outcomes of internal audit work.
 - (v) Consideration of reports dealing with the performance of internal audit and the results of its quality assurance and improvement programme.
 - (vi) Consideration of reports on the implementation of actions agreed as a result of audit work and outstanding actions escalated to the committee in accordance with the approved escalation policy.
 - (vii) Approval (but not direction) of the annual internal audit plan.
- 4 In relation to the Audit and Governance Committee, the HoIA will:
 - (i) attend its meetings and contribute to the agenda
 - (ii) ensure that overall internal audit objectives, workplans, and performance are communicated to, and understood by, the committee
 - (iii) provide an annual summary of internal audit work, and an opinion on the council's control environment, including details of unmitigated risks or other issues that need to be considered by the committee

- (iv) establish whether anything arising from the work of the committee requires consideration of the need to change the audit plan or vice versa
 - (v) highlight any shortfall in the resources available to internal audit and to make recommendations to address these to the committee
 - (vi) report any significant risks or control issues identified through audit work which the HoIA feels necessary to specifically report to the committee
 - (vii) participate in the committee's review of its own remit and effectiveness
 - (viii) consult with the board on how external assessment of the internal audit service will be conducted (required once every five years).
- 5 The Head of Internal Audit will informally meet in private with members of the Audit and Governance Committee, or the committee as a whole as required. Meetings may be requested by committee members or the HoIA.

This page is intentionally left blank



Audit & Governance Committee

Report of the Director of Customer & Business Support Services

Update on Information Governance including Local Government Transparency Code 2015 – June 2016

Background

1. This report provides Members with :
 - An update on the Information Commissioners Office (ICO) audit;
 - A compliance update report on the Transparency Code 2015
 - Information on the current consultation by the Department for Communities and Local Government (DCLG) on changes to the Local Government Transparency Code (LGTC) 2015

Update on ICO audit

2. From previous Committee reports on the ICO audit, we have now reached the end of the audit process.
3. The council's full response and progress on the 90 recommendations made by the ICO auditors is at Annex 1.
4. The ICO's follow up conclusions are shown in the table below

Scope area	Number of recommendations in each scope area from the original audit report	Number of actions complete, partially complete and not implemented.
Records Management	41	13 Complete 27 Partially complete 1 Not implemented
Subject Access Requests	25	6 Complete 19 Partially complete 0 Not implemented
Data Sharing	24	12 Complete 12 Partially complete 0 Not implemented

5. A summary of the follow up audit findings and actions for the council are set out below :
- The council has partially completed the majority of recommendations made by the ICO. Whilst it is disappointing that more recommendations were not fully completed within the timescales, the partially completed recommendations will be completed in the next 3 months.
 - Senior management recently approved a new project management approach that incorporates privacy impact assessments.
 - The council introduced a tracing system to ensure that services actively manage the whereabouts of records retrieved from storage.
 - The completion of the review of the records management policy is to be prioritised to allow other recommendations in that scope area to be fully completed.
 - The completion of the review of the subject access request process is to be prioritised to allow other recommendations in that scope area to be fully completed.
6. The ICO does not publish their follow up reports or an executive summary; however they do publish a statement that the follow up has been completed. You can find this statement at <https://ico.org.uk/action-weve-taken/audits-advisory-visits-and-overview-reports/city-of-york-council-follow-up/>
7. However, you will find the full follow up report at Annex 2.
8. We did agree to the publication of the ICO's full audit executive summary previously and this can be found at <https://ico.org.uk/action-weve-taken/audits-advisory-visits-and-overview-reports/city-of-york-council/>

Compliance update on the Local Government Transparency Code 2015

9. The LGTC 2015, is issued to meet the government's desire to place more power into citizens' hands to increase democratic accountability. You can find the DCLG's full document at

<https://www.gov.uk/government/publications/local-government-transparency-code-2015>

10. The council meets its requirements by publishing information on either the relevant website pages or through the York Open Data platform. The link to the LGTC 2015 information on the YOD platform is

<https://www.yorkopendata.org/>

11. The council's own compliance monitoring is currently underway and is due to be completed by week ending 17th June 2016. Therefore a full compliance report will be made available to this Committee after that date.

12. However to provide an interim compliance report (see Annex 3) and reassurance, I can report the outstanding areas for senior salaries and pay multiple have been impacted following the investigation into a potential data breach, and the subsequent agreed actions. The information is now being collated for publication and this will be in line with the monitoring timescale.

Current consultation by the DCLG on changes to the Local Government Transparency Code 2015

13. The government is proposing updating the LGTC 2015 and the full consultation document is available at the below link and at Annex 4.

<https://www.gov.uk/government/consultations/strengthening-local-government-transparency>

14. Any changes will require secondary legislation to revoke the existing code and put a new updated code in place.

15. The consultation is open to everyone and closes on 8th July 2016.

Consultation

16. Not relevant for the purpose of this report.

Options

17. Not relevant for the purpose of this report.

Analysis

18. Not relevant for the purpose of this report.

Council Plan

19. 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.

Implications

20. There are no implications to this report in relation to:-
- Financial
 - Human Resources (HR)
 - Equalities
 - Legal
 - Crime and Disorder
 - Information & Communications Technology (ICT)
 - Property
 - Other

Risk Management

21. The council may face financial and reputational risks if the information it holds is not managed and protected effectively. For example, the ICO can impose civil monetary penalties up to £500k for serious data security breaches (this may be increased following the signing of the General Data Protection Regulation (GDPR)). 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. For example, under section 55 and/or section 61 of the Data Protection Act (DPA) 1998

Recommendations

22. Members are asked to consider and note the contents of this report and annexes.

Reason: To ensure that Members are kept updated on matters in respect of information governance

Contact Details

Author:

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

Chief Officer Responsible for the report:

Andy Docherty
Assistant Director of Governance and
ICT
Telephone: 01904 551004

Report
Approved



Date 14/06/2016

Wards Affected: Not applicable

All

For further information contact the author of this report.

Annexes

Annex 1 – Full response and progress report on ICO recommendations

Annex 2 – ICO's follow up

Annex 3 - Local Government Transparency Code 2015 report

Annex 4 – Strengthening Local Government Transparency consultation document

This page is intentionally left blank

Recommendation	Agreed action, date and owner	Progress at 3 months Describe the status (complete/ partially complete/ not started) and action taken.	Progress at 6 months Describe the status (complete/ partially complete/ not started) and action taken.	Completed or Ongoing as of April 2016
<p>a5. Ensure that the job description for the Transparency and Feedback Team Manager accurately reflects the newly assigned responsibilities for information governance, incorporating records management. There should be a clear distinction between post holders with strategic responsibility and post holders with operational responsibility for the records management function.</p>	<p>Management response: Accepted</p>	<p>Job Description (JD) amends made that provide clarity for strategic and operational records management (RM). These were approved by Chief Officer and submitted to job evaluation panel. New job description now in place. Copy available if required</p>	<p>NA</p>	<p>Completed</p>
	<p>CYC will review current job description to ensure clarity for strategic and operational responsibilities for records management.</p>			
	<p>Owner: Andy Docherty, Assistant Director</p>			
	<p>Date for implementation: 31st December 2015</p>			
	<p>Management response: Accepted</p>			<p>Partially completed / On track</p>
<p>a9. Assign local records management responsibilities in line with the requirements</p>	<p>Management response: Accepted</p>			<p>Partially completed / On track</p>

of the Records Management Policy.	CYC will identify and assign local records management responsibilities in line with the reviewed/updated Records Management Policy.	RM policy review and redraft underway.	Review of current RM policy and procedures continuing, taking account of best practice. These are to be approved by IMB and where relevant, Audit & Governance Committee, and then communicated to all staff using several methods e.g. staff newsletter, intranet "shouts", management team meeting. Staff will have access to full range of RM policies/procedures. These will be in a "toolkit" style.	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 th June 2016			
a12. Ensure that records management features regularly on the CIGG agenda to mandate and monitor records management improvements.	Management response: Accepted		NA	
	CYC has completed the review of the CIGG terms of reference which will now be the Information Management Board (IMB) and includes records management including monitoring and compliance, in its purpose, aim, remit and objectives. The first meeting is planned for mid-November at which the standard agenda items will be approved.	Replaced CIGG with an Information Management Board (IMB) with new terms of reference and membership. IMB meets monthly and actions recorded.		
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st December 2015			
a14. Implement a records	Management response:			Partially completed -

<p>management programme of work and ensure that records management actions/ improvements and lessons learned are identified and implemented as necessary. This programme should be overseen by the CIGG.</p>	Accepted			<p>revised timescale linked to other interdependent recommendations - 30th June 2016</p>	
	CYC will develop a records management forward work programme.	<p>This is being met by inclusion in IMB monitoring which is identified in the Terms of Reference (ToRs).</p>	<p>The further work required to complete this recommendation is now time-linked/dependent to implementation of RM policy etc - see a15, a9</p>		
	<p>The IMB is to be responsible for records management monitoring and compliance as stated in the Terms of Reference</p>				
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>				
	<p>Date for implementation: 31st March 2016</p>				
<p>a15. Ensure that the Records Management Policy</p>	<p>Management response: Accepted</p>			<p>Partially completed - revised timescale</p>	

outlines methods for monitoring policy compliance and that this is communicated to staff.	CYC will include monitoring compliance and guidance in the review of the current Records Management Policy. The launch of the revised policy will include a communications plan for raising awareness as well as guidance, training package(s). When completed, this will be published on the intranet and internet.	This is being met by inclusion in IMB monitoring which is identified in the Terms of Reference (ToRs).	Review of current RM policy and procedures continuing, taking account of best practice. These are to be approved by IMB and where relevant, Audit & Governance Committee, and then communicated to all staff using several methods e.g. staff newsletter, intranet "shouts", management team meeting. Staff will have access to full range of RM policies/procedures. These will be in a "toolkit" style.	linked to other interdependent recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 March 2016			
a17. Ensure that the Records Management Policy is reviewed in line with time periods for review set out in the policy.	Management response: CYC is currently underway with a review of the Records Management Policy (including a communications plan) and will put in place a monitoring process to ensure future reviews are undertaken within the set time periods.	This is being met by inclusion in IMB monitoring which is identified in the Terms of Reference (ToRs).	Review of current RM policy and procedures continuing, taking account of best practice. These are to be approved by IMB and where relevant, Audit & Governance Committee, and then communicated to all staff using several methods e.g. staff newsletter, intranet "shouts", management team meeting. Staff will have access to full range of RM policies/procedures. These will be in a "toolkit" style.	Partially completed - revised timescale linked to other interdependent recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st March 2016			

<p>a18. Review the draft records management guidance alongside the Records Management Policy to ensure that it is complete, consistent and up-to-date. Ensure that communication of records management guidance is included within a Communications Plan for the Records Management Policy.</p>	<p>Management response: Accepted</p>	<p>This is being met by inclusion in IMB monitoring which is identified in the Terms of Reference (ToRs).</p>	<p>Review of current RM policy and procedures continuing, including development of a communications plan and training package(s). These are to be approved by IMB and where relevant Audit & Governance Committee. The communication plan includes several methods e.g. staff newsletter, intranet "shouts", management team meeting as well as external website publication. This continuing work is time-linked/dependent to several recommendations including implementation of RM policy etc see a17, a15, a9 etc.</p>	<p>Partially completed - revised timescale linked to other interdependent recommendations - 30th June 2016</p>
	<p>CYC is currently reviewing the guidance, training package(s) etc. for records management alongside the review of the policy. Following the approval of the reviewed policy, CYC will undertake the actions from the communications plan including providing guidance, training package(s) and publication on the intranet.</p>			
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>			
	<p>Date for implementation: 31st May 2016</p>			
<p>a23. Ensure that records management is incorporated</p>	<p>Management response: Accepted</p>			<p>Partially completed & ongoing - revised</p>

<p>within a formal training programme that comprises mandatory induction and periodic refresher training for all staff with access to personal data.</p>	<p>CYC will ensure that records management is included in its training/learning/development mandatory framework including induction, targeted dedicated sessions aligned to local records management responsibilities, and refresher.</p>	<p>Business case for role of a council wide elearning developer, agreed by Chief Officers. Job description submitted to job evaluation panel. Recruitment undertaken and individual in post. Work undertaken to understand our requirements for elearning tool.</p>	<p>The content for information governance, data protection, data security awareness /knowledge for all, has been developed. Content for information governance, data protection, data security awareness /knowledge for senior managers has been developed. These are to be delivered using IComply system to relevant groups of staff, as well as councillors . Reports will then be available on delivery of these packages.</p>	<p>timescale linked to other interdependent recommendations - 30th June 2016</p>
		<p>Induction package for all staff has been updated and delivered in line with the council wide induction timetable</p>	<p>Content for revised breach management procedures has been developed and will be delivered as part of a rolling programme of IG / RM training either via I comply or elearning or class based sessions.</p>	
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>			
	<p>Date for implementation: 30 April 2016</p>			
<p>a28. Ensure that records management training needs are assessed and addressed for key roles and staff groups.</p>	<p>Management response: Accepted</p> <p>CYC will link this with the identification of local records management responsibilities, inclusion in the mandatory framework and into the PDR process where appropriate. Progress of TNA as well as meeting the needs identified through the TNA, will be monitored via the IMB.</p>		<p>Requirement to revise IMB ToRs to ensure TNA progress is monitored through IMB. This will be included on the next available IMB agenda.</p>	<p>Partially completed & ongoing - revised timescale linked to other interdependent recommendations - 31st August 2016</p>

			As time- linked & interdependent on actions in a9, this will be met following completion of those actions.	
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st May 2016			
a30. Review the Data Protection Policy to ensure that it is up to date and reflects best practice.	Management response: Accepted			Partially completed & ongoing - revised timescale of 31st July 2016
	CYC is currently underway with a review of the Data Protection Policy (including a communications plan, guidance, training packages) which is now taking account of the comments and recommendations in this ICO audit.	Continued with review to include ICO audit recommendations.	Due to the timing of the release of the agreed EU wide, General Data Protection Regulation (GDPR), including waiting on UK regulator (Information Commissioners Office/ICO) guidance and also the ongoing discussions on Safe Harbor/Privacy Shield, the completion of the review has been extended. This will then be approved by IMB and where relevant Audit & Governance Committee. A communications plan and training programme will be part of this.	
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 29 th February 2016			
a31. Ensure all privacy notices are readily available and easily accessible from the council's homepage.	Management response: Accepted	Privacy statement on CYC website updated and under quarterly review as other IG work progresses e.g. services update their PNs, transfer of services into CYC (Health Visitors/School Nurses); go live of new systems(Childrens); consent requirements, sharing agreements etc	Development of an ICT system that will enable an improved method of collecting, updating, monitoring and reporting from the approved set of sections in our Information Asset Register (IAR). IMB approval of the IAR process and template to sent out across the council via the IMB directorate information guardians, along with guidance on how to complete the sections.	Partially completed - ongoing - timescale revised to 30th June 2016

	<p>At the launch of the new CYC website, we updated the Privacy Notice accessible via the main/home page. Further work will be undertaken following the collation of all existing privacy notices, information sharing agreements etc. as part of the new “information asset register monitoring and compliance” across the council, to identify how best to ensure all are easily accessible/searchable/linked where relevant from the main web page.</p>		<p>Support and advice given to several areas /services on the updating or provision of Privacy Notices e.g. FEHA. This is being done on a request basis or by a proactive approach when a requirement for a Privacy Notice is identified. Introduction of a centrally held register of all Privacy Notices and planning underway on how to ensure publication is easily accessible from our main web page.</p>	
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>			
	<p>Date for implementation: 30 April 2016</p>			
<p>a32. Ensure that privacy notices are made available for all services to inform individuals about the use of their personal data.</p>	<p>Management response: Accepted</p> <p>As part of the new “information asset register monitoring and compliance” across the council, we will be able to identify where privacy notices are not held and therefore put in place a work plan to complete these.</p>	<p>Privacy notices completed for several areas e.g. FEHA, , benefits online, Health and Safety reporting system. These include a variety of methods for informing individuals about the use of their personal data e.g. leaflets, webpage etc</p>	<p>Support and advice continues to be given to services on the updating or provision of Privacy Notices e.g. surveys, HR online. This is being done on a request basis or by a proactive approach when a requirement for a Privacy Notice is identified. Different methods being used to ensure accessible e.g. leaflets, on forms, on webpages, on phonenumber recorded message etc. The possible provisions/requirements from the GDPR are being taken into account i.e. that these are upfront etc</p>	<p>Partially completed - ongoing - timescale revised to 30th June 2016</p>

	Owner: Lorraine Lunt, Transparency & Feedback Team Manager				
	Date for implementation: 30 April 2016				
a33. Ensure that there is a policy requirement to regularly review the accuracy and content of privacy notices.	Management response: Accepted			Partially completed & ongoing - revised timescale of 31st July 2016	
	CYC will include the requirement for regular review of the accuracy and content of privacy notices in the review of the Data Protection policy and develop guidance, training package(s) for staff responsible for privacy notices.	NA	This is included in both the review of the data protection policy and the process/procedure for IAR.		
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager				
	Date for implementation: 30 April 2016				
a39. Review the IAR quarterly to ensure that it remains up-to-date and fit for purpose. Ensure that the IAR references relevant risks to the information assets.	Management response: Accepted		IMB discussed and approved roll out of this requirement. The fields on the IAR reflect those already shared with the ICO auditors and additional ones to support continuous improvement in this process.	Completed	
	CYC is currently underway with updating the IAR which includes how it will be monitored and used to identify areas such as PIAs, PIA risks etc. where relevant. The IMB will monitor compliance.	NA			
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager				
	Date for implementation: 31 March 2016				
a42. Include storage arrangements at Yorkcraft	Management response: Accepted				

within the internal audit plan of security checks.	CYC will include Yorkcraft in the internal audit plan of security checks. Meeting arranged with internal auditors mid-November for this.	Veritau amended forward plan to include this and shared this information at IMB	NA	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 December 2015			
a45. Review the requirement for the retention of both scanned and manual client records by adult social care.	Management response: Accepted	Previous current retention schedules located and this requirement is included in the project for Adults Social Care (ASC) system replacement.	Privacy Impact Assessment underway for ASC system replacement - both for technical and processes. There will also be a time-linked interdependency on the rollout of the approved RM policy and the IAR.	Partially completed - revised timescale linked to other interdependent recommendations - 30th June 2016
	CYC will review retention requirements for both scanned and manual adult social care records. The Transparency and Feedback Team Manager and the IMB where appropriate, will advise and support the service area. The Transparency and Feedback Team manager is attending the case management system project board to incorporate the scanned and manual records retention requirements into the project.			
	Owner: Director of Adult Social Care			
	Date for implementation: 31 st March 2016			
a46.	Management response: Accepted	a) owners were assigned	b) Yorkcraft and Business Support teams are working through the cabinets	a) Completed
a) Assign owners to the boxes of 'mystery social care' records stored at Yorkcraft.	CYC will identify and/or assign owners within the service area.			b) Partially completed but no requirement to amend timescale

b) Ensure that the adult social care records stored within the separate filing cabinets at Yorkcraft are logged and tracked in line with Yorkcraft's Archive Procedure.	The Transparency and Feedback Team Manager and Yorkcraft will work with the service area to ensure that arrangements are put in place for logging and tracking of the information held in the storage cabinets.			
	Owner: Director of Adult Social Care			
	Date for implementation: 31st May 2016			
a50. Introduce a tracing system to ensure that services actively manage the whereabouts of records retrieved from storage.	Management response: Accepted			
	CYC will complete the development and introduce a tracing system for records retrieved from storage.	Updating "labelling" requirements and procedures for acceptance by Yorkcraft of boxes leaving office(s) and those being delivered	Process implemented	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st March 2016			
a55. Ensure that all Business Continuity Plans are finalised and reviewed and tested in line with the review dates specified on the plans/ assessments.	Management response: Accepted			
	CYC will ensure all BCPs are finalised and reviewed in line with the dates they specify.	NA	Working with Emergency Planning Unit (most had not been updated to show "final" version) to complete this recommendation	Partially completed
	Owner: Steve Waddington, Assistant Director Housing and Public Protection			
	Date for implementation: 30 June 2016			

<p>a59. Ensure that a consistent approach is taken across all services for the storage of physical files in the office.</p>	<p>Management response: Accepted</p>				
	<p>CYC has 2 main sites at West Offices and Hazel Court, as well as other facilities/locations across the city. CYC will respond to this recommendation at the 2 main sites by putting in place a consistent approach to storage of physical files. CYC will then roll this out across the other facilities/locations and monitor compliance with this through the information security sweeps conducted by internal auditors.</p>	<p>Work undertaken from information security sweeps, to identify those ongoing areas of concern at West Offices. Further work will be completed using the information security checks at Hazel Court.</p>	<p>All staff emails and staff newsletter (Buzz) communications done. Also completed an all staff awareness package on the updated Electronic Communication Policy (ECP) using I comply. IMB approval for a permanent information security awareness posters to be on all staff noticeboards and display screens.</p>	<p>Completed</p>	
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>				
	<p>Date for implementation: 31st March 2016</p>				
<p>a60. Ensure that all services, and teams within them, have a procedure for the secure central storage of cabinet keys.</p>	<p>Management response: Accepted</p>				
	<p>CYC is underway with investigating the options and impacts for the development of a process for secure central storage of cabinet keys. This will include a roll out/ implementation plan, communications plan and compliance/ monitoring plan.</p>	<p>NA</p>	<p>Options explored and discussed at IMB. Paper for approved option to go to SIRO for final decision/funding. Secure key storage options explored and IMB approved their preferred option. Work now underway to provide budget and process requirements for this approved option.</p>	<p>Partially completed - timescale amended to 30th June 2016</p>	
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>				
	<p>Date for implementation: 31st May 2016</p>				

a65. Ensure that appropriate restrictions are in place to prevent unauthorised staff from accessing original copies of scanned records, stored by the Facilities Management Scanning and Mail Unit.	Management response: Accepted			Partially completed - timescale to be confirmed
	CYC is currently investigating options to ensure that appropriate restrictions are in place to meet this recommendation.	NA	Work is planned to reallocate the users of this storage space however the timing is determined by a partner organisation move	
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st March 2016			
a75. Introduce periodic reviews of access permissions granted in Norwel.	Management response: Accepted			Completed
	CYC is underway with investigating the tasks required and the impacts of introducing periodic access permission reviews in Norwel.	NA	Legal Services implemented annual check on access permissions including for leavers and movers	
	Owner: Practice Manager			
	Date for implementation: 31 st March 2016			
a79. Clear and consistent guidance on taking records containing personal data offsite, should be produced and made available to staff.	Management response: Accepted			Partially completed - time linked to other policy implementations - 30th June 2016
	CYC will include this in the current review of the DP policy and guidance and training package(s).	Information Security/Think Privacy guidance provided to all staff and councillors using IComply. This was also included in the scope for the reviews underway of other policies e.g. RM, DP	Recent Electronic Communications Policy (ECP) awareness and refresh sent out to all staff using Icomply which includes security of personal data on electronic systems etc. Individual areas have been supported in provision of guidance/processes/procedures to use when taking records offsite e.g. healthy child.	
	Owner: Director of Adults Social Care and Director of Children's Services			

	Date for implementation: 29 February 2016			
a80. Staff should be provided with or advised on appropriate methods and/or media for transporting client records offsite.	Management response: Accepted	Information Security/Think Privacy guidance provided to all staff and councillors using IComply.	Policy reminders on use of only CYC provided equipment which is encrypted.	Partially completed - time linked to other policy implementations - 30th June 2016
	CYC will include this in the current review of the DP policy and guidance and training package(s).			
	Owner: Director of Adults Social Care and Director of Children's Services			
	Date for implementation: 29 February 2016			
a83. Ensure guidance on the protective marking scheme within the staff intranet is up-to-date. Any updated scheme arrangements should be communicated to staff.	Management response: Accepted			
	CYC will undertake a review of the current guidance and update this where required. This will include a review of the layout and look and feel of the information on the intranet. All changes will be communicated to staff.	NA	Check made of current guidance on staff intranet and to include the updated and refreshed content with the relevant policy review e.g. DP and RM	Partially completed - time linked to other policy implementations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st March 2016			

<p>a84. Appropriate and consistent security measures should be in place when sending personal data (especially sensitive personal data) by post. Considerations should be given as to whether personal data can be minimised or sent by other means; and addresses should be checked.</p>	<p>Management response: Accepted</p>	<p>Included in the Think Privacy / Information Security awareness package sent out to all staff via I comply. Exploring options for a new secure email system as part of our other accreditations and/or assessment requirements e.g. PSN</p>	<p>Finalising renewal of contract for Doqex system (PIA has been completed for this system and its expected uses). This has also been included in the scope of the review and update of other relevant policies e.g. DP and RM</p>	<p>Partially completed - time linked to other policy implementations - 30th June 2016</p>
	<p>CYC will include this in the current review of the DP policy and guidance and training package(s).</p>			
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>			
	<p>Date for implementation: 31st March 2016</p>			
<p>a85. Consider an appropriate method to reduce the risk of unauthorised access to incoming and outgoing post.</p>	<p>Management response: Accepted</p>			<p>Partially completed - delay due to unexpected absence of IG&FT manager and a65 - 31st July 2016</p>
	<p>CYC will consider options to provide appropriate methods (both in the short and long term) to reduce the risk of unauthorised access to incoming and outgoing post.</p>	<p>Options investigated included: new "fronts" on all pigeon holes which could be secured/locked; procedure implementation for no information/post to be left in pigeon holes after last collection; drop off secure box; etc</p>	<p>Findings from the investigations are now being considered and will be presented for decision and approval of option(s) to implement across council locations. Linked with a65</p>	
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>			

	Date for implementation: 31 st March 2016			
a86. Introduce procedures to ensure that outgoing post is stored securely after the last collection each day.	Management response: Accepted			
	CYC will investigate options to provide appropriate procedures for ensuring outgoing post is stored securely	Linked to a85 and a 65 - Options investigated included: new "fronts" on all pigeon holes which could be secured/locked; procedure implementation for no information/post to be left in pigeon holes after last collection; drop off secure box; etc	Findings from the investigations are now being considered and will be presented for decision and approval of option(s) to implement across council locations. Linked with a65	Partially completed - delay due to unexpected absence of IG&FT manager and a65 - 31st July 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st March 2016			

<p>a89. CYC should have up-to-date retention schedules in place which are based on business needs and have reference to statutory requirements and other relevant principles. Retention schedules should provide sufficient information for all records to be identified and disposal decisions put into effect. There should also be a link between the assets in the IAR and their associated retention schedules.</p>	<p>Management response: Accepted</p>	<p>Advice and support on RM and retention schedules including storage/archiving/destruction & deletion being provided via the IG&FT manager / team where requested or identified. This is whilst the review and implementation of the IAR and RM policy etc is completed.</p>	<p>Advice and support on RM and retention schedules including storage/archiving/destruction & deletion being provided via the IG&FT manager / team where requested or identified. This is whilst the review and implementation of the IAR and RM policy etc is completed. The process for the IAR as described in separate recommendation(s) e.g. a39 is underway.</p>	<p>Partially completed - no change to timescale</p>
---	---	---	--	---

	<p>CYC is currently underway with a review of the Records Management Policy as well as updating the IAR which will include identifying retention schedule(s) that need updating. This identification will then inform a work plan to ensure they are based on business needs and reference statutory requirements and provide information on identification and disposal.</p>			
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>			
	<p>Date for implementation: 30th June 2016</p>			
<p>a90. Retention schedules should be regularly reviewed to ensure that they meet business needs and statutory requirements.</p>	<p>Management response: Accepted</p>			
	<p>CYC has updated the terms of reference for the IMB (replacing CIGG) and it includes records management monitoring and compliance. Alongside this, CYC is underway with updating the IAR and identifying a work plan for updating retentions schedules, all of which will support the regular review of retention schedules to ensure they meet business needs and statutory requirements.</p>	<p>Linked to a89. A programme for reviews is included in the advice and support on RM and retention schedules being provided via the IG&FT manager / team where requested or identified. This is whilst the review and implementation of the IAR and RM policy etc is completed.</p>	<p>Linked to a89. A programme for reviews is included in the advice and support on RM and retention schedules being provided via the IG&FT manager / team where requested or identified. This is whilst the review and implementation of the IAR and RM policy etc is completed.</p>	<p>Partially completed - no change to timescale</p>
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>			
	<p>Date for implementation: 30th June 2016</p>			

a91. Assign responsibility to appropriate individuals/asset owners to ensure retention periods are adhered to.	Management response: Accepted			
	CYC has updated the terms of reference for the IMB (replacing CIGG) and it includes records management monitoring and compliance. Alongside this, CYC is underway with updating the IAR and identifying a work plan for updating retentions schedules, all of which will support the assigning of responsibility for adherence to retention schedules.	Linked to a89 and a90. A programme for reviews is included in the advice and support on RM and retention schedules being provided via the IG&FT manager / team where requested or identified. This is whilst the review and implementation of the IAR and RM policy etc is completed.	Linked to a89 and a90. A programme for reviews is included in the advice and support on RM and retention schedules being provided via the IG&FT manager / team where requested or identified. This is whilst the review and implementation of the IAR and RM policy etc is completed.	Partially completed - no change to timescale
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 th June 2016			
a100. Ensure that the Yorkcraft SLA is periodically reviewed in line with review periods set out in the Agreement.	Management response: Accepted			
	CYC will review the Yorkcraft SLA and ensure ongoing reviews are conducted in the time periods subsequently set out.	NA	Contract/SLA review periods to be set up and also linked to internal audit/information security check forward plan	Partially completed - time linked to other policy implementations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st March 2016			
a104. Identify records management performance	Management response: Accepted			

measures that reflect organisational needs and risks identified in the corporate risk management framework.	CYC has updated the terms of reference for the IMB (replacing CIGG) and it includes records management monitoring and compliance. Work will now be done to determine what the key performance indicators are to reflect our needs and risks. These will be aligned to the risks identified for the corporate risk management framework.	Work underway with risk management team to ensure service areas risk registers identify DP/Privacy risks, controls and solutions. Corporate risks continue to be identified and will be managed through the IG /Steam risk register and monitored via IMB and where relevant Audit and Governance Committee.	Linked to a15, a17 and review of RM policy etc, continuing work in identifying best practice and improved risk management approach through routes such as National Archives, regional IG groups/networks/forum.	Partially completed - revised timescale linked to other interdependent recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st March 2016			
a105. Ensure that reporting details are being produced as required in the Yorkcraft SLA.	Management response: Accepted CYC will review the Yorkcraft SLA and ensure reports are produced.	NA	Linked to a100 - Contract/SLA review periods to be set up and also linked to internal audit/information security check forward plan	Partially completed - time linked to other policy implementations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st March 2016			
a106. There should be periodic internal audit of the security and use of records, and a formal report issued to senior management.	Management response: Accepted CYC will include this in the internal audit plan. Meeting arranged with internal auditors mid-November for this.	Veritau amended forward plan to include this and shared this information at IMB	NA	Completed

	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 December 2015			
a108. Review the Information Security Incident Procedure and ensure that it is fit for purpose and in line with best practice.	Management response: Accepted			
	CYC have provided breach management training for 2 key staff and they are now underway with a review of the breach management process, procedures and training materials. This will take account of ICO codes of practices, exemplar organisations processes, etc. and will also identify links to the Caldicott Guardian issues reporting process. The review will also include the development and delivery plan for training, guidance/toolkits, and key performance indicators and how to ensure lessons are learned from breach management reporting. Monitoring has been included in the new terms of reference for the IMB.	Following full transfer of all IG tasks, activities and responsibilities from Veritau to council team, the review of the procedures, guidance and reporting requirements was completed and a revised set of guidance introduced, following IMB approval.	Revised and updated procedures, guidance and reporting (including monitoring by IMB and where relevant Audit and Governance Committee) fully implemented into the council. Made available to all staff using a variety of methods e.g. intranet, Buzz newsletter and IMB. Performance management reports now available for breach management including identifying common themes etc. Notification and/or self reporting to regulators (e.g. ICO , HSCIC IG toolkit etc) investigated and decisions made as per breach management procedures. Elearning package content is completed and to be delivered to all staff either via IComply or new elearning tool when procured.	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
a110. Review the IG Risk Register in line with the new	Management response: Accepted			

Risk Management Policy and Strategy to ensure that risk ratings are correct.	CYC will start the review of the IG risk register in mid-November to ensure it is in line with the new Risk Management Policy and Strategy.	Review of corporate IG risks undertaken with Risk Management team	NA	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st December 2015			
	Management response: Accepted			
a112.				
a) Assigned responsibility for IAO roles across CYC should be clearly communicated.	CYC is underway with reviewing the IAR and this will include identifying assigned IAOs and IAAs. This will then enable us to develop and deliver awareness, guidance and dedicated training for the IAOs and IAAs and a communications plan.	NA	a) work is underway for the IAR which will identify all IAOs and IAAs. Linked to a89, a91	a) Partially completed - time linked to other recommendations - 30th June 2016
b) IAOs should receive appropriate training to fulfil their roles.		NA	b) training requirements will follow from the update of IAR including role specific needs e.g. IAO, IAA and also from work underway on elearning packages. Linked to a89, a91, a113	b) Partially completed - time linked to other recommendations but no change to timescale
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: (a) 31st March 2016 (b) 30 June 2016			
a113. Information Asset Administrators should be	Management response: Accepted			

identified and nominated, as planned to support the IAO function, and should receive training as appropriate.	CYC is underway with reviewing the IAR and this will include identifying assigned IAOs and IAAs. This will then enable us to develop and deliver awareness, guidance and dedicated training for the IAOs and IAAs and a communications plan.	NA	b) training requirements will follow from the update of IAR including role specific needs e.g. IAO, IAA and also from work underway on elearning packages. Linked to a89, a91, a112	Partially completed - time linked to other recommendations but no change to timescale
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 June 2016			
a114. CYC should ensure that its Data Processor Contracts provide it with a right to physically audit its data processors' premises.	Management response: Partially Accepted			
	CYC will write a clause to be included in new tender documents to provide us with this right and for existing contracts. We will include this at the point of renewal.	Relevant reviews undertaken when contracts have been renewed	Relevant reviews undertaken when contracts have been renewed	Completed
	Owner: Andy Docherty, Assistant Director			
	Date for implementation: 29 th February 2016			
b1. Finalise and implement the new SAR process.	Management response: Accepted			
	CYC is currently underway with a review of the SAR process, Access to Records policy, training material etc. and will use this ICO report recommendations to further update where required. This review will include the writing of what will be required in the training packages, checklists/toolkits, templates and a communications plan.	Review process in line with refresh/review of DP policy and transfer of management and monitoring of all SAR requests from Veritau to CYC. This was not completed until early 2016. Also waiting for finalised version of the rights of individuals in the recent GDPR.	GDPR rights of individuals and other relevant changes from this, as well as ICO guidance releases are being incorporated into the review of the DP policy which includes Subject Access Request (SAR) process.	Partially completed - time linked to other recommendations - 30th June 2016

	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
b2. Finalise the draft Access to Records Policy and SAR checklist. Update the 'Interim Practice Guidance to Social Workers: Subject Access Requests', 'Business Support SAR Process Children's Services' and 'Business Support SAR flowchart' to reflect the final SAR process.	Management response: Accepted CYC is currently underway with a review of the SAR process, Access to Records policy, training material etc. and will use this ICO report recommendations to further update where required. This review will include the writing of what will be required in the training packages, checklists/toolkits, templates and a communications plan.	Updating and finalising of SAR policy and checklist underway including updating the appropriate guidance for social workers and business support in line with refresh/review of DP policy and transfer of management and monitoring of all SAR requests from Veritau to CYC. This was not completed until early 2016. Also waiting for finalised version of the rights of individuals in the recent GDPR.	GDPR rights of individuals and other relevant changes from this, as well as ICO guidance releases are being incorporated into the review of the DP policy which includes Subject Access Request (SAR) process, guidance, checklists and training.	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
b3.	Management response: Accepted			
a) Update website guidance to reflect the new SAR process, as planned.	Following completion of the review of the SAR process and Access to Records policy, and as part of the communications plan being actioned, (a) the website pages will be updated and (b) easier access and search options will be investigated and put in place where possible.	linked to b1 and b2	linked to b1 and b2	Partially completed - time linked to other recommendations - 30th June 2016

b) Make the SAR guidance on the website easier to locate.	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31st March 2016			
b4.	Management response: Partially accepted			
a) CYC should review current data processing contracts to ensure they include the appropriate obligations regarding SARs. This should be included in all future contracts with data processors.	(a) CYC will undertake reviews of current data processing contracts at the time of renewal and (b) include the provision for 3rd party SARs within the review of the SAR process.	Link to a114. Relevant reviews undertaken when contracts have been renewed	Link to a114. Relevant reviews undertaken when contracts have been renewed	a) Completed
b) Integrate third party SARs into the new SAR process to ensure adequate oversight.		Linked to b1 and b2	Linked to b1 and b2	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: (a) Andy Docherty, Assistant Director			
	(b) Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: (a) to be determined by renewal timescales (b) 31st March 2016			
b7. Implement quality assurance procedures through the council team for all SAR responses as proposed.	Management response: Accepted CYC is currently underway with a review of the SAR process, Access to Records policy, training material etc. and will include how the CYC team will quality assure/check SAR responses and how this will be reported. The new IMB will be responsible for monitoring and compliance.	Following on from completion of b1, b2, b3. Reporting and monitoring will be through IMB and where relevant Audit and Governance Committee	Following on from completion of b1, b2, b3. Reporting and monitoring will be through IMB and where relevant Audit and Governance Committee	Partially completed - time linked to other recommendations - 30th June 2016

	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31st March 2016			
b8. Raise awareness of the 'Interim Practice Guidance to Social Workers: Subject Access Requests' amongst all relevant staff/teams.	Management response: Accepted			
	CYC team will continue to raise awareness and provide guidance to relevant teams and staff.	raised awareness in relevant service areas	NA	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 th November 2015			
b9. As proposed, develop council wide training for staff so staff can recognise a SAR. Conduct training needs analysis of staff involved in the SAR process and provide role specific training where appropriate.	Management response: Accepted			
	CYC will include this training needs analysis in with that being done for records management, IAOs, IAAs etc. Training packages are being developed which will include induction and refresher awareness, and more role and responsibility specific training packages. Delivery will be using the most appropriate method e.g. I comply, elearning or classroom.	Ongoing awareness raising by poster campaign on staff noticeboards, staff display screens.	Included in induction package and elearning packages will be developed alongside any class based requirements. Linked to outputs and timescales for b1, b2, b3	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 April 2016			
b10. Update guidance available on staff intranet to	Management response: Accepted			

reflect new SAR process.	CYC will update intranet guidance when SAR process and Access to Records policy reviews are completed.	Linked to b1, b2, b3	Linked to b1, b2, b3	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 April 2016			
b14. Where appropriate, staff should consider whether children have capacity to independently request a SAR.	Management response: Accepted			
	CYC will include this in SAR process and Access to Records policy guidance, training and published on the intranet. However if advice sought verbally whilst this work is underway, the CYC team will give this.	Linked to b1, b2 and b3 and will be covered in training. IG&FT manager and CFTeam continues to offer advice and support where required	Linked to b1, b2 and b3 and will be covered in training. IG&FT manager and CFTeam continues to offer advice and support where required	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 April 2016			
b19. The council team should routinely record what information (if any) is withheld under exemption or relating to third parties and the basis for withholding the personal data.	Management response: Accepted			
	CYC is currently underway with a review of the SAR process, Access to Records policy, training material etc. and will use this ICO report recommendations to further update where required. This review will include the writing of what will be required in the training packages, checklists/toolkits, templates and a communications plan.	Whilst policy, guidance and training is being developed, the council team continues to provide this advice and support and recording evidence requirements following transfer from Veritau to council team. This requirement will be stated in the SAR process, guidance, etc	Linked to b1, b2, b3 and also the finalisation of the rights of individuals from the GDPR as well as the issuing of guidance on these from the ICO/regulators.	Partially completed - time linked to other recommendations - 30th June 2016

	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
b20. Formalise the requirement for staff to promptly contact the SAR requestor in the event of delay. In such cases, CYC should explain to the requestor the reason for the delay and the expected date for response.	Management response: Accepted			
	CYC is currently underway with a review of the SAR process, Access to Records policy, training material etc. and will use this ICO report recommendation to further update where required. This review will include the writing of what will be required in the training packages, checklists/ toolkits, templates and a communications plan.	This will be included in the policy, guidance and training is being developed, the council team continues to provide this advice and support for SAR responses.	Linked to b1, b2, b3 and also the finalisation of the rights of individuals from the GDPR as well as the issuing of guidance on these from the ICO/regulators.	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
b21. Record the formal process for chasing departments for SAR responses and escalating to Heads of Services when overdue. This process should look to identify why the SAR is overdue, current progress, and when it is likely to be finished.	Management response: Accepted			
	CYC will include this is the SAR process and monitoring reports will go the IMB to monitor compliance.	This will be included in the policy, guidance and training is being developed, the council team continues to provide this advice and support for SAR requests.	Linked to b1, b2, b3 and also the finalisation of the rights of individuals from the GDPR as well as the issuing of guidance on these from the ICO/regulators.	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			

b22. Ensure any new manual records are maintained to a good standard. Where practicable, take steps to improve any older files that have been poorly maintained.	Management response: Accepted			
	CYC will undertake to develop good standards for manual records in line with the work being done in Adults and Children's Social Care case management system improvements and linked to recommendations made for records management in this audit report.	Linked to a15, a17, a59, a79, a80 including review of DP and RM policies	Linked to a15, a17, a59, a79, a80 including review of DP and RM policies	Partially completed - time linked to other recommendations - but no amend to timescale
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 Jun-16			
b24. Keep a record of the searches made to locate personal data in response to a SAR.	Management response: Accepted			
	CYC is currently underway with a review of the SAR process, Access to Records policy, training material etc. and will use this ICO report recommendations to further update where required. This review will include the writing of what will be required in the training packages, checklists/toolkits, templates and a communications plan.	This will be included in the policy, guidance and training is being developed, the council team continues to provide this advice and support for SAR requests	Linked to b1, b2, b3 and also the finalisation of the rights of individuals from the GDPR as well as the issuing of guidance on these from the ICO/regulators.	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
Date for implementation: 31 st January 2016				
b25. Ensure that adult social care retains an unredacted	Management response: Accepted			

copy of the SAR response.	CYC is currently underway with a review of the SAR process, Access to Records policy, training material etc. and will use this ICO report recommendations to further update where required. This review will include the writing of what will be required in the training packages, checklists/ toolkits, templates and a communications plan.	Advice and instructions issued to the service area	Linked to b1, b2, b3 and also the finalisation of the rights of individuals from the GDPR as well as the issuing of guidance on these from the ICO/regulators.	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
b26. Ensure there are appropriate retention periods for unredacted and redacted SAR responses.	Management response: Accepted			
	CYC will include this is in the Access to Records policy, guidance, training and also publish on the intranet. However if advice sought verbally whilst this work is underway, the CYC team will give this.	This will be included in the policy, guidance and training is being developed, the council team continues to provide this advice and support for SAR requests.	Linked to b1, b2, b3 and also the finalisation of the rights of individuals from the GDPR as well as the issuing of guidance on these from the ICO/regulators. Also linked to RM policy review and implementation a17	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
b28. Ensure Yorkcraft securely destroy SAR	Management response: Accepted			

responses in line with retention periods.	CYC will include the requirement for a checking process at Yorkcraft for destruction of SAR responses in line with the current checking process they have for destruction of other stored records.	In line with the amended destruction process with Yorkcraft and will be linked to outcomes of a42, a50, a100	NA	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
b30. Support the advice function provided by Veritau, and in future the council team, with written guidance on exemptions and redactions.	Management response: Accepted			
	CYC is currently underway with a review of the SAR process, Access to Records policy as well as training and guidance material required which includes exemptions and redacting information. Delivery of awareness and role –specific training will be delivered using a variety of methods such as induction and refresher sessions, I comply, elearning and classroom based. However if advice sought verbally whilst this work is underway, the CYC team will give this.	Supported Veritau up to the transfer to council team. Currently council team continues to provide advice and support on exemptions and redactions. This will be included in the policy, guidance and training being developed	Linked to b1, b2, b3 and also the finalisation of the rights of individuals from the GDPR as well as the issuing of guidance on these from the ICO/regulators.	Partially completed - time linked to other recommendations - but no amend to timescale
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 th June 2016			
b31. Amend practice guidance to advise staff to	Management response: Accepted			

<p>contact either Veritau or the council team for SAR advice when required.</p>	<p>CYC is currently underway with a review of the SAR process, Access to Records policy as well as training and guidance material, which will include contact information for advice and support. However if advice sought verbally whilst this work is underway, the CYC team will give this.</p>	<p>Supported Veritau up to the transfer to council team which was completed early 2016. Currently council team continues to provide advice and support on SARs. This will be included in the policy, guidance and training being developed</p>	<p>Linked to b1, b2, b3 and also the finalisation of the rights of individuals from the GDPR as well as the issuing of guidance on these from the ICO/regulators.</p>	<p>Partially completed - time linked to other recommendations - but no amend to timescale</p>
	<p>Owner: Lorraine Lunt, Transparency & Feedback Team Manager</p>			
	<p>Date for implementation: 30th April 2016</p>			
<p>b33. Issue guidance and template letters/paragraphs to assist staff in their response to the data subject. This should include a description of how data subjects' personal data is being used and to whom it may be disclosed, an explanation of the searches undertaken to locate their personal data, and where appropriate, an explanation as to why information has been redacted or exempted.</p>	<p>Management response: Accepted</p>			
	<p>CYC is currently underway with a review of the SAR process, Access to Records policy as well as training and guidance material. This will include a suite of template responses for SARs. However if advice sought verbally whilst this work is underway, the CYC team will give this.</p>	<p>Supported Veritau up to the transfer to council team which was completed early 2016. Currently council team continues to provide advice and support on SARs. Guidance letters etc will be included in the policy, guidance and training being developed</p>	<p>Linked to b1, b2, b3 and also the finalisation of the rights of individuals from the GDPR as well as the issuing of guidance on these from the ICO/regulators.</p>	<p>Partially completed - time linked to other recommendations - 30th June 2016</p>

	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 th April 2016			
b34. Consider marking SAR responses 'data subject copy' before release.	Management response: Accepted			
	CYC will include the requirement for a marking process in the review of the SAR process and Access to Records policy as well as include in the review of the data protection policy where relevant.	This will be included as part of the updated policy, process, guidance and training	Linked to b1, b2, b3 and also the finalisation of the rights of individuals from the GDPR as well as the issuing of guidance on these from the ICO/regulators.	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
b36. Introduce regular reporting of SAR performance and complaints to the CIGG or other relevant groups as proposed. Ensure that issues are acted upon accordingly.	Management response: Accepted			
	CYC has completed the review of the CIGG terms of reference which will now be the Information Management Board (IMB) and includes monitoring and compliance, in its purpose, aim, remit and objectives. The first meeting is planned for mid-November at which the standard agenda items, such as KPI reporting, will be approved.	SARs performance reported through IMB and where relevant to Audit and Governance Committee and published on York Open Data platform.	an	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			

	Date for implementation: 31 st December 2015			
b37. Introduce and regularly monitor an appropriate target rate for SAR compliance, as planned. See also b36.	Management response: Accepted			
	The SAR report for 1 st April 2015 to 31 st August 2015 shows 30 SARs received, 25 responded to in time and 5 out of time, which is a compliance rate of 83.3%.	SARs performance reported, including against set target, through IMB and where relevant to Audit and Governance Committee and published on York Open Data platform. Target introduced	Continue to improve performance in SAR compliance and working towards achieving and maintaining performance target.	Completed
	Reporting of KPIs will be through the new IMB and will include SAR compliance. The first meeting is planned for mid-November.			
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st December 2015			
b38. Produce management information on SAR compliance which can demarcate performance at the service level, as planned.	Management response: Accepted			
	Reporting of KPIs will be through the new IMB and will include SAR compliance rates both for the whole council and by service. The first meeting is planned for mid-November. Also the review of the SAR process will include points during the 40 day timescale to provide opportunities for early identification of issues.	SARs performance reported, through IMB and where relevant to Audit and Governance Committee and published on York Open Data platform.	Further work underway to establish further drill down reporting and publishing.	Partially completed - time linked to other recommendations - 31st July 2016
	Owner: Lorraine Lunt Transparency & Feedback Team Manager			

	Date for implementation: 31 st December 2015			
b39. Raise awareness amongst staff that the new process requires all SAR requests go to the council team in the first instance.	Management response: Accepted			
	CYC has conducted an awareness campaign for SARs using a variety of methods e.g. staff email, staff newsletter, display screens in staff hub areas and posters on all staff noticeboards.	Following transfer of SAR process management to council team from Veritau, different methods were used to inform and raise awareness of staff. Intranet editing access, permissions and training given to team members to start to update intranet pages.	an	completed
	The current review of the SAR process and Access to Records policy will include opportunities for further ongoing awareness.			
	Owner: Lorraine Lunt Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
c3. Finalise and action the MAISP Implementation Strategy, and align existing ISAs to MAISP requirements, as planned.	Management response: Accepted			
	The MAISP has been published on the CYC intranet and further progress of the final MAISP implementation strategy is underway. The MAISP information sharing template is also published on the intranet and has been used for new arrangements. Using the IAR monitoring process, CYC will be able to identify a schedule for review of ISAs which will include alignment with MAISP for relevant ISAs.	All new DSAs and those being reviewed are using the protocol's approach and template as in the MAISP. Information made available to staff via intranet, is promoted where possible. Drafted external website information in line with North Yorkshire County Council's.	Further reviews of existing DSAs is linked to IAR timescales. Publication of most up to date MAISP (version 5) including new signatories on external website, has been delayed due to workloads of protocol group members. This has been picked up w/c 23 May 2016 and group will be meeting again soon.	Partially completed - timescale amended to 31st July 2016

	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 June 2016			
c4. Ensure all ISAs are signed off by an appropriately senior member of staff.	Management response: Accepted			
	CYC has highlighted this at the MAISP group and there has been an agreement to consider making any relevant amendments to the MAISP from the recommendations. CYC is also underway with the review of data protection policy and processes which include the development of a toolkit for completing ISA e.g. request and decision templates, ISA templates, checklists etc. and training and guidance will be provided to those with ISA responsibilities.	Advice and instructions issued to the relevant senior member of staff and/or lead on each ISA being undertaken or reviewed. This includes understanding and mitigating/reducing/avoiding DP and privacy risks related to the ISA.	Continue to provide advice and instructions.	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st March 2016			
c5. Embed requirement to record the reason for all data	Management response: Accepted			

sharing decisions at CYC.	CYC is underway with the review of data protection policy and processes which include the development of a toolkit for completing ISA e.g. request and decision templates, ISA templates, checklists etc. and training and guidance will be provided to those with ISA responsibilities.	Following transfer of all IG tasks, activities and responsibilities from Veritau to the council team, and IMB approval, the council team instructs and advises on the requirement for a central record of all data sharing decisions made at the council. This includes a register for ISAs and section 29 requests. This means that reporting on volumes and decisions can be done.	Continuing to embed this requirement across the council.	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st March 2016			
c7. Conduct generic and role-based training needs analysis for all staff sharing personal data at CYC. Deliver appropriate training, including refresher training, thereafter.	Management response: Accepted CYC will link this with the identification of other local records management and data protection role specific responsibilities, and include it in the training/ learning/development mandatory framework including induction, targeted dedicated sessions aligned to local or role specific responsibilities, and refreshers as well as the PDR process. This means that progress of TNA will be aligned to the timescales for training development and delivery.	IG&FTManager fed into the project team leading on the childrens system replacement to include role based training and awareness of data sharing.	Linked to other recommendations for training and the development of elearning packages, classroom based packages etc.	Partially completed - time linked to other recommendations - but no amend to timescale

	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 th June 2016			
c10. Communicate individual responsibilities set out in MAISP to relevant staff.	Management response: Accepted			
	CYC has published the MAISP on the intranet. CYC team has already advised on responsibilities to those services/ areas/ staff who have requested advice on information sharing. Further roll out is planned as set out in the MAISP implementation strategy which will be amended and finalised from the draft version provided during the audit.	Council team continues to advice, support and instruct individuals on MAISP responsibilities.	Council team continues to advice, support and instruct individuals on MAISP responsibilities.	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st December 2015			
c12. Update the data sharing elements of the Data Protection Policy.	Management response: Accepted			
	CYC will include this is the review underway of the data protection policy.	NA	Linked to other policy related recommendations and timescales in scope areas a and b.	Partially completed - revised timescale of 31st July 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 29 th February 2016			
c13. Develop a comprehensive up-to-date	Management response: Accepted			

suite of policies, procedures and guidance for data sharing.	CYC is underway with a review of full suite of policies and processes, training packages, guidance, checklists, toolkits, templates, monitoring and compliance reporting (with KPIs and targets) which includes data sharing.	Work continues to fulfil this requirement and it is linked to other policy related recommendations and timescales in scope areas a and b		Partially completed - time linked to other recommendations - but no amend to timescale
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 th June 2016			
c18. Finalise the draft Project Management Approach, and associated documents. Develop a specific policy for PIAs. See also c13.	Management response: Accepted			
	CYC will finalise the draft PM approach and associated documents. CYC will finish development of a PIA policy which will include the current PIA toolkit and guidance material and updating the information available on the intranet.	IG&FTManager worked with relevant project and programme managers to ensure that PIAs were embedded in the council's approach.	Recent senior management approval for "All about projects" with PIAs included as a "gateway". An effective gateway process is the key to successful project delivery. Each gateway is a review that occurs at key decision points before the project is allowed to progress to the next Phase. They are conducted by experienced practitioners independent of the project team who ensure that the original business case, the project objectives and expected benefits continue to be achieved throughout the lifecycle of the project. The reviews also highlight risks and issues, which if not addressed would threaten successful delivery	Completed - but not by timescale
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			

	Date for implementation: 31 st December 2015			
c21. Cascade PIA requirements and guidance throughout CYC, once finalised.	Management response: Accepted			
	CYC is underway with the cascading of PIA requirements and guidance, by publishing on the intranet and provision of advice and support in conducting PIAs. PIAs will be monitored via the IAR and the IMB.	PIA guidance and toolkit is available and is currently provided directly to individuals from the council team. Provision of high level PIA training is being designed for elearning.	Recruitment of an elearning developer and now progressing release of IG packages e.g. PIAs through elearning (still to procure) and / or I comply and/or classroom based.	Partially completed - amended timescale 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st December 2015			
c22. Ensure PIAs are carried out for individual applications of Doqex, as planned.	Management response: Accepted			
	CYC is underway with the further PIA requirements for Doqex.	Provision of advice, support and instruction on PIAs by IG&FTManager and /or council team.	PIAs completed for several applications, policies etc across the council including Doqex	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager Transparency & Feedback Team Manager.			
	Date for implementation: 31 st December 2015			
c24. Establish governance arrangements at CYC to	Management response: Accepted			

systematically review ISAs.	CYC will include this in the IAR monitoring process and has included the monitoring/compliance in the new terms of reference for the IMB.	Arrangements to review ISAs will be through the updating of the IAR, including assigning both IAOs and IAAs, and new/reviewed ISAs always including a review date/timescale which will be recorded centrally / through IAR. Monitoring will be through IMB and where appropriate to Audit and Governance Committee	NA	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st December 2015			
c25. Formalise the terms of reference for the MAISP cross-county Information Governance Monitoring Group. Ensure the MAISP cross-county Information Governance Monitoring Group and/or MAISP “Information Sharing quarterly review” group periodically review the membership and workings of MAISP.	Management response: Accepted			Completed
	The terms of reference for the MAISP being formalised and the comment regarding incorporating periodic review of the membership and workings of MAISP by the relevant group, was raised at the September meeting. This will be formalised at the next relevant meeting.	Raised as described in the management response section. Awaiting approved amended MAISP version (version 5)	Linked to c3 - Publication of most up to date MAISP (version 5) including new signatories on external website, has been delayed due to workloads of protocol group members. This has been picked up w/c 23 May 2016 and group will be meeting again soon.	

	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
c27. Develop service level and a central, register of all ISAs, which detail the nature of the sharing, authorisation, and the partners. This should include information about the legal basis for data sharing.	Management response: Accepted			
	CYC is underway with implementing a register of all ISAs using the IAR process and the development of data sharing request and decision templates.	Use of MAISP template where ISA is between signatories, others use a template derived from the MAISP template. Following transfer of IG tasks, activities and responsibilities from Veritau to council team early 2016, the central register is being kept and maintained by that team.	Further work linked to the IAR, will improve the information regarding ISAs kept centrally.	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st January 2016			
c28. Ensure there are corporate controls in place to ensure the data shared is of appropriate quality and is not retained for longer than necessary by all parties. This requirement should also be reflected in relevant policies and guidance.	Management response: Accepted			
	CYC will include the requirement for controls for quality within both the review of the data protection policy and processes and records management policy and processes.	Linked to work progressing for recommendations in scope area a and b, including review of RM and DP policies.	Linked to work progressing for recommendations in scope area a and b, including review of RM and DP policies.	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 29 th February 2016			

c29.	Management response: Accepted			
a) Update MAISP to explicitly discuss the requirement that shared data is minimised to agreed data sets or redacted.	(a) This recommendation will be shared at the next relevant MAISP group meeting	Comment(s) raised to MAISP group. Relevant amendments being considered via the approval route for amends to MAISP	a) NA	a) Completed
b) Ensure ISAs, relevant policies and guidance include the requirement that shared data is minimised to agreed data sets or redacted.	(b) CYC will include this requirement within the review of the relevant policies and processes.	Linked to work progressing for recommendations in scope area a and b, including review of RM and DP policies.		Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 29th February 2016			
c30. Issue common guidance to CYC about clearly distinguishing between fact and opinion when recording personal data.	Management response: Accepted CYC will update existing guidance where required and include in the relevant policy and processes reviews e.g. as part of the development of training materials and packages.	Advice and support given	To be included in elearning training development as well as reviews of DP and RM etc policies, procedures etc	Partially completed - time linked to other recommendations - 30th June 2016
	Owner: Lorraine Lunt Transparency & Feedback Team Manager			
	Date for implementation: 29 th February 2016			
c31. Ensure that where appropriate, the sender	Management response: Accepted			

informs recipients when shared data has been amended or updated.	CYC will update existing guidance where required and include in the relevant policy and processes reviews e.g. as part of the development of training materials and packages.	NA	Inclusion of this requirement in ISA advice, support and guidance given by IG&FTManager / council team. This will be included in relevant training and guidance on ISA that is underway	Partially completed - time linked to other recommendations - 31st July 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 29 th February 2016			
	Management response: Accepted			
c34. Ensure common retention and disposal arrangements are included in all ISAs and that these are adhered to by all parties to any given ISA.	CYC will include the requirement for retention and disposal arrangements to be included in all new ISAs and be part of the review for existing ISAs. The IAR process will enable monitoring of this.	Ensuring this by use of MAISP DSA template for those areas where possible. Amended version of this template is in use in other areas	Linked to review of RM policy and recommendations made in scope area a.	Partially completed - time linked to other recommendations but no amend to timescale
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 30 th June 2016			
	Management response: Accepted			
c36. Ensure that all ISA and supporting procedures set out	Management response: Accepted			

specifically how personal data will be shared securely.	The partner information sharing agreement template in the MAISP has a section to detail how information will be shared at section 7. CYC has included this in the development of the data sharing request and decision templates. It will also be reflected in the review of the data protection policy and processes, training material etc.	Ensuring this by use of MAISP DSA template for those areas where possible. Amended version of this template is in use in other areas	NA	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 29 th February 2016			
	Management response: Accepted			
c38. ISAs should ensure that access to shared personal data is restricted to authorised personnel within each organisation where possible, on the basis of business need, e.g. a nominated point-of-contact.	CYC will include this requirement in the review of the data protection policy and processes, training material etc. and in the data sharing request and decision templates.	Ensuring this by use of MAISP DSA template for those areas where possible. Amended version of this template is in use in other areas.	NA	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 29 th February 2016			
	Management response: Accepted			
c41. Include a clause in data processor contracts requiring	Management response: Accepted			

them to notify CYC of any data security breaches.	CYC will write a clause to be included in new tender documents to provide us with this notification and for existing contracts. We will include this at the point of renewal.	Link to a114 and b4. Relevant reviews undertaken when contracts have been renewed	Link to a114 and b4. Relevant reviews undertaken when contracts have been renewed	Completed
	Owner: Andy Docherty, Assistant Director			
	Date for implementation: 29 th February 2016			
	Management response: Accepted			
c42. Develop a policy for disclosing personal data to third parties. This should be communicated to staff and updated regularly.	CYC is underway with a review of the data protection policy and processes (and Access to Records policy) which will include provision for disclosing to 3 rd parties. This will be reflected in training packages and guidance.	Link to scope area a and b recommendations and outcomes for DP and RM including SAR, policy reviews	Link to scope area a and b recommendations and outcomes for DP and RM including SAR, policy reviews	Partially completed - time linked to other recommendations - 31st July 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 29 th February 2016			
	Management response: Accepted			
c45. Establish a central register for information	Management response: Accepted			

requests from third parties. This should record the steps taken to identify the nature of the disclosure, the requester and the reason for any disclosure.	CYC will create a central register for third party information requests as part of the review of the data protection policy and processes. This will be created and managed using the case management system currently used for FOI, EIR, SAR etc. enquiries.	Following transfer of all IG tasks, activities and responsibilities from Veritau to the council team, and IMB approval, the council team instructs and advises on the requirement for a central record of all data sharing decisions made at the council. This includes a register for ISAs and section 29 requests. This means that reporting on volumes and decisions can be done.	Continuing to embed this requirement across the council.	Completed
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			
	Date for implementation: 31 st December 2015			
	Management response: Accepted			
c46. Ensure third party disclosure decisions are quality assured and/or approved by appropriate staff.	CYC is underway with a review of the data protection policy and processes which will include provision for quality assurance monitoring. Quality assurance monitoring will include the checking of appropriate approvals for disclosure decisions to third parties.	Following transfer of all IG tasks, activities and responsibilities from Veritau to the council team, and IMB approval, the council team instructs and advises on the requirement for a central record of all data sharing decisions made at the council. This includes a register for ISAs and section 29 requests. This means that reporting on volumes and decisions can be done.	work underway to identify a quality assurance methodology which will be approved by IMB and reports will be fed back to them, and where relevant to Audit and Governance Committee	Partially completed - amended timescale 30th June 2016
	Owner: Lorraine Lunt, Transparency & Feedback Team Manager			

Date for implementation: 29 th February 2016			
--	--	--	--

City of York Council

Follow-up data protection audit report

Auditor:	Michael Stephenson (Lead Auditor)
Data controller contacts:	Lorraine Lunt (Information Governance and Feedback Team Manager)
Distribution:	Lorraine Lunt (Information Governance and Feedback Team Manager)
Date issued:	02 June 2016

The matters arising in this report are only those that came to our attention during the course of the audit and are not necessarily a comprehensive statement of all the areas requiring improvement.

The responsibility for ensuring that there are adequate risk management, governance and internal control arrangements in place rest with the management of City of York Council.

We take all reasonable care to ensure that our audit report is fair and accurate but cannot accept any liability to any person or organisation, including any third party, for any loss or damage suffered or costs incurred by it arising out of, or in connection with, the use of this report, however such loss or damage is caused. We cannot accept liability for loss occasioned to any person or organisation, including any third party, acting or refraining from acting as a result of any information contained in this report.

Contents

1. Background (follow-up assessment) page 04
2. Follow-up audit conclusion page 05
3. Summary of follow-up audit findings page 06

1. Background

- 1.1 The Information Commissioner is responsible for enforcing and promoting compliance with the Data Protection Act 1998 (the DPA). Section 51 (7) of the DPA contains a provision giving the Information Commissioner power to assess any organisation's processing of personal data for the following of 'good practice', with the agreement of the data controller. This is done through a consensual audit.
- 1.2 The Information Commissioner's Office (ICO) sees auditing as a constructive process with real benefits for data controllers and so aims to establish a participative approach.
- 1.3 The original audit took place at City of York Council's (CYC) premises on 18-20 August 2015 and covered records management, subject access requests and data sharing. The ICO's overall opinion was that there was limited assurance that processes and procedures were in place and being adhered to. The ICO identified considerable scope for improvement in existing arrangements in order to achieve the objective of compliance with the DPA.
- 1.4 90 recommendations were made in the original audit report. CYC responded to these recommendations positively, agreeing to formally document procedures and implement further compliance measures.
- 1.5 The objective of a follow-up audit assessment is to provide the ICO with a level of assurance that the agreed audit recommendations have been appropriately implemented to mitigate the identified risks and thereby support compliance with data protection legislation and implement good practice.
- 1.6 A desk based follow-up took place in June 2016 to provide the ICO and CYC with a measure of the extent to which CYC had implemented the agreed recommendations. This was based on management updates from CYC signed off at Board Level.

2. Follow-up audit conclusion

Scope area	Number of recommendations in each scope area from the original audit report	Number of actions complete, partially complete and not implemented.
Records Management	41	13 Complete 27 Partially complete 1 Not implemented
Subject Access Requests	25	6 Complete 19 Partially complete 0 Not implemented
Data Sharing	24	12 Complete 12 Partially complete 0 Not implemented

Section 3 below summarises the main findings of this review and highlights any residual high risk areas.

3. Summary of follow-up audit findings

- 3.1 CYC has partially completed the majority of recommendations made by the ICO. Whilst it is disappointing that CYC has not completed more recommendations within the agreed timescales, it would appear that many recommendations will be completed in the next 3 months.
- 3.2 Senior management have recently approved a new project management approach that incorporates privacy impact assessments.
- 3.3 CYC have introduced a tracing system to ensure that services actively manage the whereabouts of records retrieved from storage.
- 3.4 27 of the 41 records management recommendations are partially complete. In multiple cases the non-completion of the recommendation is partially or wholly attributed to the need to complete a review of the records management policy. Therefore, the review of the records management policy should be prioritized to allow other recommendations to be completed.
- 3.5 19 of the 25 subject access requests recommendations are partially complete. In multiple cases the non-completion of the recommendation is partially or wholly attributed to the need to complete a review of the subject access request process. Therefore, the review of the subject access request process should be prioritized to allow other recommendations to be completed.
- 3.6 Any queries regarding this report should be directed to, Michael Stephenson Lead Auditor.
- 3.7 Thanks are given to the Information Governance and Feedback Team Manager who was instrumental in providing the information to complete the follow-up audit.

Local					
Information title	Frequency	Information which must be published	Action taken/progress for info which must be published	Directorate	where published?
Expenditure exceeding £500	Quarterly publication	Publish details of each individual item of expenditure that exceeds £500, including items of expenditure, consistent with Local Government Association guidance, such as:	Published on a monthly basis - Monthly payments report in csv, excel, pdf & summary formats	CBSS	Website/ open data
		<input type="checkbox"/> individual invoices	published		
		<input type="checkbox"/> grant payments	published		
		<input type="checkbox"/> expense payments	published		
		<input type="checkbox"/> payments for goods and services	published		
		<input type="checkbox"/> grants	published		
		<input type="checkbox"/> grant in aid	published		
		<input type="checkbox"/> rent	published		
		<input type="checkbox"/> credit notes over £500	published		
		<input type="checkbox"/> transactions with other public bodies.	published		
		For each individual item of expenditure the following information must be published:			
		<input type="checkbox"/> date the expenditure was incurred	published		
		<input type="checkbox"/> local authority department which incurred the expenditure	published		
		<input type="checkbox"/> beneficiary	published		
		<input type="checkbox"/> summary of the purpose of the expenditure	published		
		<input type="checkbox"/> amount	published		

		☐ Value Added Tax that cannot be recovered	n/a		
		☐ merchant category (eg. computers, software etc).	published		
Government Procurement Card transactions	Quarterly publication	Publish details of every transaction on a Government Procurement Card. For each transaction, the following details must be published:	Spend on purchase cards included in monthly payment reports (See above) and flagged up as procurement card expenditure	CBSS	Website/ (Open data)
		☐ date of the transaction			
		☐ local authority department which incurred the expenditure			
		☐ beneficiary			
		☐ amount			
		☐ Value Added Tax that cannot be recovered			
		☐ summary of the purpose of the expenditure			
		☐ merchant category (eg. computers, software etc).			
Procurement information	Quarterly publication	Publish details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000. For each invitation, the following details must be published:		CBSS	https://www.york.gov.uk/info/20006/business/1795/contracts_register
		☐ reference number			
		☐ title			
		☐ description of the goods and/or services sought			
		☐ start, end and review dates			

		<input type="checkbox"/> local authority department responsible.			
	Quarterly publication	Publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. For each contract, the following details must be published:			
		<input type="checkbox"/> reference number			
		<input type="checkbox"/> title of agreement			
		<input type="checkbox"/> local authority department responsible			
		<input type="checkbox"/> description of the goods and/or services being provided			
		<input type="checkbox"/> supplier name and details			
		<input type="checkbox"/> sum to be paid over the length of the contract or the estimated annual spending or budget for the contract			
		<input type="checkbox"/> Value Added Tax that cannot be recovered			
		<input type="checkbox"/> start, end and review dates			
		<input type="checkbox"/> whether or not the contract was the result of an invitation to quote or a published invitation to tender			

		<input type="checkbox"/> whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number.			
Local authority land	Annual publication	Publish details of all land and building assets including:			all the mandatory data on e-PIMS
		<input type="checkbox"/> all service and office properties occupied or controlled by user bodies, both freehold and leasehold			
		<input type="checkbox"/> any properties occupied or run under Private Finance Initiative contracts			
		<input type="checkbox"/> all other properties they own or use, for example, hostels, laboratories, investment properties and depots			
		<input type="checkbox"/> garages unless rented as part of a housing tenancy agreement			
		<input type="checkbox"/> surplus, sublet or vacant properties			
		<input type="checkbox"/> undeveloped land			
		<input type="checkbox"/> serviced or temporary offices where contractual or actual occupation exceeds three months			
		<input type="checkbox"/> all future commitments, for example under an agreement for lease, from when the contractual commitment is made.			

		However, information about the following land and building assets are to be excluded from publication:			
		<input type="checkbox"/> rent free properties provided by traders (such as information booths in public places or ports)			
		<input type="checkbox"/> operational railways and canals			
		<input type="checkbox"/> operational public highways (but any adjoining land not subject to public rights should be included)			
		<input type="checkbox"/> assets of national security			
		<input type="checkbox"/> information deemed inappropriate for public access as a result of data protection and/or disclosure controls (eg. such as refuge houses).			
		Information on social housing is also excluded from this specific dataset.			
		For each land or building asset, the following information must be published together in one place:			
		<input type="checkbox"/> Unique Property Reference Number			

		<p>☐ Unique asset identity - the local reference identifier used by the local body, sometimes known as local name or building block. There should be one entry per asset or user/owner (eg. on one site there could be several buildings or in one building there could be several users, floors/rooms etc – where this is the case, each of these will have a separate asset identity). This must include the original reference number from the data source plus authority code</p>			
		<p>☐ name of the building/land or both</p>			
		<p>☐ street number or numbers - any sets of 2 or more numbers should be separated with the '-' symbol (eg. 10-15 London Road)</p>			
		<p>☐ street name – this is the postal road address</p>			
		<p>☐ post town</p>			
		<p>☐ United Kingdom postcode</p>			

		<p>☑ map reference – local authorities may use either Ordnance Survey or ISO6709 systems to identify the location of an asset, but must make clear which is being used. Where an Ordnance Survey mapping system is used (the grid system) then assets will be identified using Eastings before Northings. Where geocoding in accordance with ISO 6709 is being used to identify the centre point of the asset location then that reference must indicate its ISO coordinates</p>			
		<p>☑ whether the local authority owns the freehold or a lease for the asset and for whichever category applies, the local authority must list all the characteristics that apply from the options given below:</p>			
		<i>for freehold assets:</i>			
		o occupied by the local authority			
		o ground leasehold			
		o leasehold			
		o licence			

		o vacant (for vacant properties, local authorities should not publish the full address details and should only publish the first part of the postcode)			
		<i>for leasehold assets:</i>			
		o occupied by the local authority			
		o ground leasehold			
		o sub leasehold			
		o licence			
		<i>for other assets:</i>			
		o free text description eg. rights of way, access etc.			
		<input type="checkbox"/> whether or not the asset is land only (without permanent buildings) or it is land with a permanent building.			
Social housing asset value	Annual publication	Publish details on the value of social housing assets within local authorities' Housing Revenue Account.		CANS	https://data.yorkopenata.org/group/tc-social-housing-asset-value
		Information to be published using the specified value bands and postal sector:			
		<input type="checkbox"/> total number of homes			
		<input type="checkbox"/> the aggregate value and mean value of the dwellings for both existing use value (social housing) and market value, and			

		<p>☐ percentage of homes that are vacant and that are tenanted.</p>			
		<p>Information to be published at a general level:</p>			
		<p>☐ an explanation of the difference between the tenanted sale value of homes within the Housing Revenue Account and their market sale value, and</p>			
		<p>☐ an assurance that the publication of this information is not intended to suggest that tenancies should end to realise the market value of properties.</p>			
		<p>Other residential tenanted properties that the authority may hold within their General Fund are excluded from this specific dataset, as is information on other building assets or land that local authorities hold within their Housing Revenue Account.</p>			
Grants to voluntary, community and social enterprise organisations	Annual publication	<p>Publish details of all grants to voluntary, community and social enterprise organisations. This can be achieved by either:</p>	<p>Published on website annually by a separate list or register</p>	CBSS	<p>Website - https://www.york.gov.uk/info/20168/information_management/1066/grants_to_voluntary_community_and_social_enterprise_organisations</p>

		<input type="checkbox"/> tagging and hence specifically identifying transactions which relate to voluntary, community and social enterprise organisations within published data on expenditure over £500 or published procurement information, or	n/a		
		<input type="checkbox"/> by publishing a separate list or register.	published		
		For each identified grant, the following information must be published as a minimum:			
		<input type="checkbox"/> date the grant was awarded	published		
		<input type="checkbox"/> time period for which the grant has been given	published		
		<input type="checkbox"/> local authority department which awarded the grant	published		
		<input type="checkbox"/> beneficiary	published		
		<input type="checkbox"/> beneficiary's registration number	published		
		<input type="checkbox"/> summary of the purpose of the grant	published		
		<input type="checkbox"/> amount	published		
Organisation chart	Annual publication	Publish an organisation chart covering staff in the top three levels		CBSS	On the council web site under open data
		<input type="checkbox"/> grade			On the council web site under open data
		<input type="checkbox"/> job title			On the council web site under open data
		<input type="checkbox"/> local authority department and team			On the council web site under open data
		<input type="checkbox"/> whether permanent or temporary staff			On the council web site under open data

		☐ contact details			On the council web site under open data
		☐ salary in £5,000 brackets, consistent with the details published for Senior Salaries			On the council web site under open data
		☐ salary ceiling (the maximum salary for the grade).			On the council web site under open data
Trade union facility time	Annual publication	Publish the following information:		CBSS	
		☐ total number (absolute number and full time equivalent) of staff who are union representatives (including general, learning and health and safety representatives)			On the council web site under open data
		☐ total number (absolute number and full time equivalent) of union representatives who devote at least 50 per cent of their time to union duties			On the council web site under open data
		☐ names of all trade unions represented in the local authority			On the council web site under open data
		☐ a basic estimate of spending on unions (calculated as the number of full time equivalent days spent on union duties multiplied by the average salary), and			On the council web site under open data

		<p>☐ a basic estimate of spending on unions as a percentage of the total pay bill (calculated as the number of full time equivalent days spent on union duties multiplied by the average salary divided by the total pay bill).</p>			On the council web site under open data
Parking Account	Annual publication	<p>Publish on their website, or place a link on their website to this data published elsewhere:</p>	published 2014/15 annual report including spaces	CBSS	https://data.yorkopenata.org/dataset/parking-report
		<p>☐ a breakdown of income and expenditure on the authority's parking account. The breakdown of income must include details of revenue collected from on-street parking, off-street parking and Penalty Charge Notices</p>			
		<p>☐ a breakdown of how the authority has spent a surplus on its parking account.</p>			
Parking Spaces	Annual publication	<p>Publish the number of marked out controlled on and off-street parking spaces within their area, or an estimate of the number of spaces where controlled parking space is not marked out in individual parking bays or spaces.</p>	published 2014/15 annual report including spaces	CBSS	https://data.yorkopenata.org/dataset/parking-report

Senior Salaries	Annual publication	Local authorities must place a link on their website to the following data or must place the data itself on their website:		CBSS	
		☐ the number of employees whose remuneration in that year was at least £50,000 in brackets of £5,000			
		☐ details of remuneration and job title of certain senior employees whose salary is at least £50,000			
		☐ employees whose salaries are £150,000 or more must also be identified by name.			
		☐ a list of responsibilities (for example, the services and functions they are responsible for, budget held and number of staff) and details of bonuses and 'benefits in kind', for all employees whose salary exceeds £50,000.			
Constitution	Annual publication	Local authorities must publish their Constitution on their website.		CBSS	http://democracy.york.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12830&path=0&wb48617274=06D9ACDB

Pay multiple	Annual publication	Publish the pay multiple on their website defined as the ratio between the highest taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) and the median earnings figure of the whole of the authority's workforce. The measure must:		CBSS	
		<input type="checkbox"/> cover all elements of remuneration that can be valued (eg. all taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind)			
		<input type="checkbox"/> use the median earnings figure as the denominator, which should be that of all employees of the local authority on a fixed date each year, coinciding with reporting at the end of the financial year			
		<input type="checkbox"/> exclude changes in pension benefits, which due to their variety and complexity cannot be accurately included in a pay multiple disclosure.			
Fraud	Annual publication	Publish the following information:	All data published @ 31/12/14	Veritau	York Open Data site

		☑ number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers	All data published @ 31/12/14	Veritau	York Open Data site
		☑ total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud	All data published @ 31/12/14	Veritau	York Open Data site
		☑ total number (absolute and full time equivalent) of professionally accredited counter fraud specialists	All data published @ 31/12/14	Veritau	York Open Data site
		☑ total amount spent by the authority on the investigation and prosecution of fraud	All data published @ 31/12/14	Veritau	York Open Data site
		☑ total number of fraud cases investigated.	All data published @ 31/12/14	Veritau	York Open Data site
Waste Contracts	One -off publication	Local authorities must publish details of their existing waste collection contracts, in line with the details contained in paragraphs 32 of the Code, at the point they first publish quarterly contract information under Part 2 of this Code.			

This page is intentionally left blank



Department for
Communities and
Local Government

Strengthening Local Government Transparency

Consultation on changes to the Local Government
Transparency Code 2015



© Crown copyright, 2016

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

This document/publication is also available on our website at www.gov.uk/dclg

If you have any enquiries regarding this document/publication, complete the form at <http://forms.communities.gov.uk/> or write to us at:

Department for Communities and Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF
Telephone: 030 3444 0000

For all our latest news and updates follow us on Twitter: <https://twitter.com/CommunitiesUK>

May 2016

ISBN: 978-1-4098-4834-9

Contents

1. Scope of the consultation	4
2. Introduction	7
The Local Government Transparency Code	7
3. Proposed changes to Part 2 of the Local Government Transparency Code 2015 – Information which must be published	9
Land	9
Procurement	11
Contracts	12
Parking	14
Method of publication	15
Compliance with the Code	17
4. Proposed changes to Part 3 of the Local Government Transparency Code 2015 – Information recommended for publication	18
Small and Medium-Sized Enterprises	18
About this consultation	20

1. Scope of the consultation

A consultation paper issued by the Department for Communities and Local Government on behalf of the Secretary of State

Topic of this consultation:	This consultation paper sets out the Government's proposals for updating the Local Government Transparency Code 2015.
Scope of this consultation:	<p>The Department for Communities and Local Government is consulting on proposals to update the Local Government Transparency Code 2015, in particular to change the way that local authorities record details of their land and property assets, and publish information about their procurement, their contracts and the delivery of some of their services. We are also proposing to include in the Code new requirements about information on parking charges and enforcement and about the way transparency data is published and presented. Finally, we are proposing to include in the Code recommendations that local authorities publish information about their dealings with small and medium-sized enterprises.</p> <p>Any change to the Local Government Transparency Code requires secondary legislation to revoke the existing Code and put a new, updated, Code in place.</p>
Geographical scope:	The Local Government Transparency Code 2015 applies to certain authorities in England, including local authorities, National Park Authorities and fire and rescue authorities.
Impact Assessment:	No impact assessment has been produced for this consultation. The consultation asks about the impact any new requirements will have on the authorities that are subject to the Local Government Transparency Code.

Basic Information

To:	This consultation is open to everyone. We particularly seek the views of individual members of the public, of those bodies that are subject to the requirements of the Local Government Transparency Code, of those bodies that represent the interests of local authorities at all levels, and of those bodies that have an interest in transparency.
Body responsible for the consultation:	The Conduct and Council Constitutions Team in the Department for Communities and Local Government is responsible for conducting the consultation.
Duration:	The consultation will begin on 12 May 2016. The consultation will run for 8 weeks and will close on 8 July 2016. All responses should be received by no later than 8 July 2016.
Enquiries:	<p>During the consultation, if you have any enquiries, please contact:</p> <p>Jim Jobe email: jim.jobe@communities.gsi.gov.uk TEL: 0303 44 42556</p> <p>How to respond: Please respond by email to:</p> <p>TransparencyCode@communities.gsi.gov.uk</p> <p>Alternatively, please send postal responses to:</p> <p>Jim Jobe Department for Communities and Local Government 2nd Floor, NE, Fry Building 2 Marsham Street London SW1P 4DF</p> <p>Responses should be received by close on 8 July 2016.</p>
How to respond:	<p>You can respond by email or by post.</p> <p>When responding, please make it clear which questions you are responding to.</p> <p>When you reply it would be very useful if you could confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:</p> <ul style="list-style-type: none"> - your name

	<ul style="list-style-type: none">- your position (if applicable)- the name and address of your organisation (if applicable)- an address, and- an e mail address (if you have one)
--	---

2. Introduction

1. The Department for Communities and Local Government is consulting on proposals to update the Local Government Transparency Code 2015 ('the Code'), in particular to change the way that local authorities record details of their land and property assets, and publish information about their procurement, their contracts and the delivery of some of their services. We are also proposing to include in the Code new requirements about information on parking charges and enforcement and about the way transparency data is published and presented. Finally, we are proposing to include in the Code recommendations that local authorities publish information about their dealings with small and medium-sized enterprises.

2. The government believes not only that transparency is the foundation of local accountability, the key that gives people the tools they need to hold their councils to account, but also that the availability and format of certain data can provide new opportunities for analysis of public spending and the management of public assets.

3. Since 2010 town hall transparency has improved greatly. The changes to the Code proposed in this consultation are the next step in further improving town hall transparency and further increasing the accountability of those entrusted with the stewardship of public resource and assets.

The Local Government Transparency Code

4. In 2011 the government issued the Code of Recommended Practice for Local Authorities on Data Transparency, to place more power in citizens' hands, to increase democratic accountability and to make it easier for local people to contribute to the local decision making process and help shape public services.

5. The scope and content of the 2011 Code of Recommended Practice for Local Authorities on Data Transparency was reviewed in 2012, with the Department consulting on a proposed update of the Code. As a result of the consultation, the Government published a revised Local Government Transparency Code in October 2014, and further updated the Code in February 2015.

6. Since October 2014, compliance with Part 2 of the Code has been mandatory. The Local Government Transparency Code 2015 requires certain authorities to publish certain information, and recommends that those authorities publish certain other information.

7. The Code requires that authorities publish, on a quarterly basis, details of expenditure exceeding £500, government procurement card transactions and information about procurement and contracts.

8. The Code requires that local authorities publish, on an annual basis, information about local authority land, social housing assets, grants to voluntary, community and social enterprise organisations, their organisation chart, details of trade union facility time, their

parking account, details of the number of parking spaces in the local authority, local authority senior salaries, the local authority's constitution, the pay multiple in the local authority and details of local authority fraud detections.

9. The Code recommends that local authorities go further than the minimum requirements for expenditure, procurement, land, parking spaces, local authority organisation, grants and fraud prevention.

10. Data published as a requirement, rather than a recommendation, must be published in open and machine-readable formats. However, no particular format for the presentation of the data is stipulated, nor does the Code mandate exactly where local authorities should publish all their data. In practice, most local authorities publish their transparency data on their own websites.

11. The original purpose of the Code was to place more power into citizens' hands to increase democratic accountability by requiring local authorities to publish certain information about financial transactions and assets, allowing the public to access this key data, so enabling the public to more effectively engage with, and challenge, their local authority.

12. Local data is valuable. Making the best use of local data to ensure that public money and assets are being effectively managed requires going beyond the original requirements and intention of the Code with its focus on the publication of local data on local websites for local use. Certain local data produced by authorities can be of more use if it is published in a manner that allows analysis not just at a local level, but at a national one too.

13. It is thus proposed that the Local Government Transparency Code 2015 be updated to provide the opportunity for greater town hall transparency and also to enhance scrutiny of the use of public assets and resources, including through better comparison of data.

14. The Local Government Transparency Code 2015 is available at:
<https://www.gov.uk/government/publications/local-government-transparency-code-2015>

3. Proposed changes to Part 2 of the Local Government Transparency Code 2015 – Information which must be published

Land

Existing provisions

15. The Local Government Transparency Code 2015 requires that local authorities publish, on an annual basis, details of all land and building assets including all service and office properties occupied or controlled by user bodies, both freehold and leasehold, any properties occupied or run under Private Finance Initiative contracts, all other properties local authorities own or use, garages unless rented as part of a housing tenancy agreement, surplus, sublet or vacant properties, undeveloped land, serviced or temporary offices where contractual or actual occupation exceeds three months and all future commitments, for example under an agreement for lease, from when the contractual commitment is made. The land or building asset in question is identified by reference number, address and map reference.

Proposal

16. In the Spending Review 2015 the government committed to consulting on updating the Transparency Code to require all local authorities to record details of their land and property assets in a consistent way on the government's electronic Property Information Management System (ePIMS).

17. The government considers that collecting data on local authority land in a central space would allow for a more strategic consideration of how public land can best be used and enable closer collaboration with central government and the wider public sector. This is important if we are to use land and property as enablers for local growth including housing growth, better services and to create efficiency savings that can be reinvested.

18. To ensure greater and more collective transparency, it is proposed that the data would be publically available on the Government Property Finder, which is currently used for central government data.

19. We propose that the Code be modified to require the annual publication of land and building asset data to ePIMS, rather than to local authority websites. In practice, local authorities would need to fill out and submit to Cabinet Office, via email, a standard Excel spreadsheet, which the department would then upload to the ePIMS system.

20. We are clear that this proposal will entail only the publishing of data to a different place, in a fixed format, rather than any new data collection requirement. As a

consequence, this may not result in new burdens and may instead result in savings and wider benefits to the local authority; including:

- access to data on central government land and buildings creating collaboration between central and wider public sector
- advance information of surplus land before it is disposed of outside of government
- detailed property searching and mapping, including land registry titles of all land packages and vacant land and property
- free access for all users - local authorities will not have to establish their own systems at their own cost
- standardised and consistent data capture, which allows for better estate planning and management between public sector bodies
- benchmarking capability
- further improvements and technical additions to the e-PIMS system to support and provide a wider functionality for local authorities
- support from Cabinet Office

Q1: Do you agree that authorities should record details of their land and property assets in a consistent way on ePIMS?

Q2: What do you consider are the benefits/disbenefits of authorities recording details of their land and property assets in a consistent way on ePIMS?

Q3: Can you quantify the added cost or saving to your authority of publishing this data to ePIMS rather than publishing it on your own authority's website?

Q4: Can you quantify the added or saved man-hours involved in your authority publishing this data to ePIMS rather than publishing it on your own authority's website?

21. In terms of collecting new data, we propose that in addition to the existing data on land and property assets published by local authorities, local authorities also publish, on ePIMS:

- the extent of the land in hectares for each piece of land
- whether that land is surplus to requirements
- whether there are current or future plans to release the land for housing development
- if there are plans to release the land for housing development, what is the current planning status
- if there are plans to release the land for housing development, how many homes can be accommodated, and
- for properties of 10,000 square foot or larger, the floor area of that property, the number of floors and the number of car parking spaces that property has.

22. We understand that suitability of land for housing may be a subjective judgement. However, local authorities should be able to make that judgement and rely on their housing plans. By planning status we mean what the existing permitted land use for that land is, and, if an application is in preparation or submitted for a change to housing use,

what stage that application is at. Where plans do exist for the release of land for housing development, we consider that there will usually have been an assessment of how many homes can be accommodated.

Q5: Do you agree that authorities should record the additional data proposed above, in a consistent way on ePIMS?

Q6: What do you consider are the benefits/disbenefits of authorities recording the additional data proposed above, in a consistent way on ePIMS?

Q7: Can you quantify the added cost, if any, to your authority of publishing this additional data?

Q8: Can you quantify the added man-hours, if any, involved in your authority publishing this additional data?

Procurement

Existing provisions

23. The Code currently requires local authorities to publish certain procurement data quarterly, including details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5k and details of every contract, commissioned activity, purchase order or framework agreement with a value that exceeds £5k. This data must be published on a quarterly basis.

Proposal

24. Updating the Code provides an opportunity to increase the consistency of local government procurement data, including contracts data, through the development of a national reporting mechanism.

25. Increasing the standardisation and transparency of procurement and contract data, for instance by publishing to a central source, such as data.gov.uk, which is designed for this purpose, would enable the data to be more easily interrogated for the purpose of detecting fraud, bribery and corruption.

26. Moreover, the Government considers that the chances of detecting procurement fraud would be enhanced if local authorities were to publish their procurement data in a more prescriptive format. Publishing procurement and contract data from different local authorities in a fixed format would enhance comparability, enabling the data to be more easily interrogated.

27. We are clear that local authorities will continue to publish procurement and contract data, just as they do at present, but publish it in a fixed format to a central source. The data would remain, as it is at present, in an open and machine-readable format.

28. This central source could also house procurement data from central government. This would allow the central source to undertake the analysis of local and central government procurement and contract data to help increase transparency and allow for the comparison of data to spot markers of fraud and corruption in public procurement.

29. Such an approach not only brings potential benefits in the detection of fraud and corruption, but the increased transparency and ability to compare data would allow local authorities to compare their own procurement with other local authorities on a national basis, allowing local authorities to get a better deal for the taxpayer.

Q9: Do you agree that authorities should publish procurement data in a fixed format to a central source?

Q10: What do you consider are the benefits/disbenefits of publishing procurement data in a fixed format to a central source?

Q11: Can you quantify the added cost or saving to your authority of publishing this data in a fixed format to a central source rather than publishing it on your own authority's website?

Q12: Can you quantify the added or saved man-hours involved in your authority publishing this data in a fixed format to a central source rather than publishing it on your own authority's website?

Contracts

Existing provisions

30. The Local Government Transparency Code 2015 requires local authorities to publish details of their existing waste collection contracts.

31. The Code also requires local authorities to publish details of any contract, commissioned activity, purchase order, framework agreement or any other legally enforceable agreement with a value that exceeds £5,000. The local authority must publish details of the contract reference number, title, the local authority department responsible, the description of goods and services being provided, the supplier name and details, the value of the contract, VAT that cannot be recovered, the start, end and review dates of the contract, whether or not the contract was the result of an invitation to tender and whether the supplier is a small or medium-sized enterprise.

Proposal

32. A local authority should go through due process when making decisions to ensure they are providing high-quality, value-for-money services for council taxpayers. Where decisions are made regarding the deployment of 'in-house' services, the costs and benefits of these decisions should be documented and made available. Given the Code already obliges local authorities to provide details of contracts with external providers, this

levels the playing field where transparency is concerned. A local authority should be able to demonstrate a clear and transparent approach to service and cost evaluation using robust data, quality comparators and a clear options assessment and therefore be able to justify to its residents why its services are being provided in-house rather than a private company. It is expected that local authorities already do this analysis when taking insourcing decisions, and in many cases already make it public (for example, through cabinet papers). This requirement would ensure that the information is readily available in one place on the council's transparency website.

33. We therefore propose that the Code be updated to require local authorities with 'in-house' services to provide a one-off set of information for their local residents which sets out details of the in-house service and justifies to residents that the service is being delivered cost-effectively.

34. Specifically, a local authority should publish, within one month of taking such a decision:

- information on how it has 'tested' its in-house provision against the market to ensure the service is being delivered cost-effectively. Local residents should get the best possible value for money service
- assumptions of the operational costs of the service
- where appropriate, other relevant assumptions: for example, in a waste services context, those relating to household recycle sales and assumptions about future revenues from recycling and business waste collections.

35. The local authority should set out for how long the current in-house service is expected to be in place and should reassess the costs and benefits of in-house services against provision by private firms after an appropriate time period – for example, every 7 years

36. This information should be presented on authorities' transparency websites, with the relevant information (including the above) contained in a single document and clearly labelled.

37. In order to minimise burdens for local authorities, this requirement could be limited to services above a threshold – for example, contracts with a value in excess of £500,000.

Q13: Do you agree that authorities should publish information about the decision making process of retaining, or taking, a service 'in house'?

Q14: What do you consider are the benefits/disbenefits of publishing information about the decision making process of retaining, or taking, a service 'in house'?

Q15: Should the requirement apply to all services, or should it apply to specific key services - such as waste services, leisure services and human resources where a decision has been made to provide the service in-house?

Q16: If the requirement were to apply to all services, what should the threshold be for the value of these services?

Q17: What aspects of this requirement will give rise to burdens for local authorities and how can these be minimised while still increasing transparency?

Q18: Can you quantify the added cost, if any, to your authority of publishing this data?

Q19: Can you quantify the added man-hours, if any, involved in your authority publishing this data?

Parking

Existing provisions

38. The Local Government Transparency Code 2015 requires that local authorities must publish, on their website, or place a link on their website to this data if published elsewhere, a breakdown of income and expenditure on the authority's parking account. The breakdown of income must include details of revenue collected from on-street parking, off-street parking and Penalty Charge Notices. Local authorities must also publish a breakdown of how the authority has spent a surplus on its parking account.

Proposal

39. Department for Transport (DfT) guidance requires local authorities that enforce parking to produce an annual report about their enforcement activities within six months of the end of each financial year. The report should cover financial, statistical and other data reflecting the revenues received from their parking operations. DfT require this data to help develop parking policy and there is a concern that the data being supplied is not as comprehensive as it should be, and most local authorities do not feel obligated to do so.

40. Accordingly, we propose that the requirements to publish data relating to a local authority's parking account be expanded to include greater detail about parking charges as well as statistics about the enforcement of parking restrictions by the local authority.

Specifically, we are proposing that local authorities are required to provide data on:

- total income and expenditure on the parking account kept under section 55 of the Road Traffic Regulation Act 1984, and Off-street parking charges and penalty charges which are not covered under section 55 Road Traffic Regulation Act 1984.

Breakdown of income:

- on-street parking charges
- on-street penalty charges
- off-street parking charges
- off-street penalty charges

Breakdown of:

- total surplus or deficit on the parking account
- action taken with respect to a surplus or deficit on the parking account
- details of how any financial surplus has been or is to be spent, including the benefits that can be expected as a result of such expenditure.
- breakdown of running costs of parking provision outside of the section 55 account

Statistics

- number of higher level penalty charge notices issued
- number of lower level penalty charge notices issued
- number of penalty charge notices paid
- number of penalty charge notices paid at discount rate
- number of penalty charge notices against which an informal or formal representation was made
- number of penalty charge notices cancelled following an informal or a formal representation
- number of penalty charge notices cancelled following an appeal made to an adjudicator.
- number of penalty charge notices written off for other reasons (e.g. an error by the civil enforcement officer or driver untraceable)
- number of vehicles immobilised
- number of vehicles removed

Q20: Do you agree that authorities should publish further details of their parking finances and enforcement?

Q21: What do you consider are the benefits/disbenefits of publishing the parking data as set out above?

Q22: Can you quantify the added cost, if any, to your authority of publishing this additional data?

Q23: Can you quantify the added man-hours, if any, involved in your authority publishing this additional data?

Method of publication

Existing provisions

41. The Local Government Transparency Code 2015 requires that local authorities must publish data in a format and under a license that allows open re-use, including for commercial and research activities. Data that is covered by Part 2 of the Code, that is, data that must be published rather than data that it is recommended is published, must be published in open and machine-readable formats.

Proposal

42. We consider that navigating to local authority transparency data should be a straightforward matter. Accordingly, we propose that local authorities should have a link to a common 'landing page' where the public can find all the transparency data required by the Transparency Code, as well as that transparency data that is published because the Transparency Code recommends it.

43. Moreover, we consider that it would be beneficial for those seeking transparency data if all local authorities were to use a common template web page that lists the data required by the Transparency Code, with links to that data that the public can click on to access the data.

Q24: Do you agree that authorities should ensure that their transparency data is clearly signposted and easy to navigate?

Q25: What do you consider are the benefits/disbenefits of prescribing a fixed format for local authorities to present their transparency data?

Q26: Can you quantify the added cost, or saving, if any, to your authority of establishing a transparency page on your authority's web site?

Q27: Can you quantify the added man-hours, or saving, if any, to your authority of establishing a transparency page on your authority's web site?

44. As proposed already in this consultation, the government considers there may be merit in the publication of certain local authority data in a standardised format and to a central source. Publishing local authority data in a standardised format to a central source facilitates easier analysis, comparison and benchmarking of that data. The government proposes that such standardisation of publication to a central source be extended to local authority data such as expenditure exceeding £500, housing asset values, grants to voluntary, community and social enterprise organisations, senior salaries, pay multiples and fraud.

Q28: Do you consider that the publication of certain local authority data in a standardised format to a central source will facilitate analysis, comparison and benchmarking of that data?

Q29: Can you quantify the added cost, or saving, if any, to your authority of publishing the proposed data in a standardised format to a central source?

Q30: Can you quantify the added man-hours, or saving, to your authority of publishing the proposed data in a standardised format to a central source?

Compliance with the Code

45. Since October 2014, compliance with Part 2 of the Code has been mandatory. The Code is intended to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services. Authorities should then publish the information required by the Code. We are seeking views, particularly from those who use the Code, on how compliance with the Code might be measured and enforced.

Q31: How should compliance with the Code be measured and enforced?

4. Proposed changes to Part 3 of the Local Government Transparency Code 2015 – Information recommended for publication

Small and Medium-Sized Enterprises

Existing provision

46. The Local Government Transparency Code 2015 requires local authorities to publish details of any contract, commissioned activity, purchase order, framework agreement or any other legally enforceable agreement with a value that exceeds £5,000. The details that must be published include whether or not the supplier is a small or medium-sized enterprise.

Proposal

47. The government is committed to one third of central government procurement spend going to small and medium-sized enterprises by 2020. Central government already publishes what percentage of procurement spend goes to small and medium-sized enterprises on an annual basis.

48. We are clear that it is right that local authorities should do the same. The Code already requires local authorities to identify where contracts over £5,000 are awarded to small and medium-sized enterprises.

49. We propose that the Code be modified to recommend that local authorities publish, on an annual basis, what percentage of their procurement spend goes to small and medium-sized enterprises.

50. Moreover, in line with the government's commitment to creating a supportive environment in which businesses can flourish, we propose that the Code be modified to recommend that local authorities publish data on the time taken for local authorities to pay undisputed invoices from small and medium-sized enterprises.

Q32: Do you agree that the Transparency Code should recommend that authorities publish information about their dealings with small and medium-sized enterprises?

Q33: What do you consider are the benefits/disbenefits of authorities publishing details about their dealings with small and medium-sized enterprises?

Q34: Do you think that publishing this data should be a requirement rather than a recommendation?

Q35: Can you quantify the added cost, if any, to your authority of publishing this data?

Q36: Can you quantify the added man-hours, if any, involved in your authority publishing this data?

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.
Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact DCLG Consultation Co-ordinator.

Department for Communities and Local Government
2 Marsham Street
London
SW1P 4DF

or by email to: consultationcoordinator@communities.gsi.gov.uk



Audit and Governance Committee22nd June 2016

Report of the Director of CBSS (Portfolio of the Leader of the Council)

Audit & Governance Committee Forward Plan to April 2017**Summary**

1. This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to April 2017.

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 to April 2017. 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. Two amendments have been made to the Forward plan since the previous version was presented to the Committee in May 2016. Both of these reports update Members with progress made on significant Governance issues from the 2014/15 Annual Governance Statement.
4. A project Management update report has been deferred from June until the Committees next meeting in July 2016.
5. A further follow up report on Attendance Management has been added to the Committees Agenda for December following a progress report presented to Committee in May 2016.

Peer Review

6. In March 2016, the council opted to undergo a Peer challenge to assess how well we are meeting our aims to shape and deliver a strong vision for the authority and its services for the city. The Peer review team focused on three specific areas:

- Progress since the previous LGA peer challenges undertaken in June 2013 and November 2014
- Behaviours and relationships
- Future plans

7. Details of the Peer challenge and resulting action plan can be found on the Council's website at the link below:

https://www.york.gov.uk/info/20036/performance_and_policies/31/peer_challenge

8. The Executive is due to consider the peer report in July, where they will consider an action plan, and also the potential involvement of Scrutiny and/or Audit and Governance Committee. Subject to the Executives consideration, there may be matters that the Committee will consider at future meetings.

Consultation

9. 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

10. Not relevant for the purpose of the report.

Analysis

11. Not relevant for the purpose of the report.

Council Plan

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

Implications

- 13.
- (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

- 14. 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

- 15.
 - (a) The Committee's Forward Plan for the period up to April 2017 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:

Emma Audrain
Technical Accountant
Customer & Business
Support Services
Telephone: 01904 551170

Chief Officer Responsible for the report:

Ian Floyd
Director of CBSS
Telephone: 01904 551100

**Report
Approved**



Date 14/06/2016

Specialist Implications Officers

Head of Civic, Democratic & Legal Services

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers:

None

Annex

Audit & Governance Committee Forward Plan to April 2017

Audit & Governance Committee Draft Forward Plan to April 2017

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

- **Committee 27th July 2016**

Draft Statement of Accounts

Mazars Audit Progress Report

Key Corporate Risks Quarter 2 (including directorate risks)

Freedom of Information Update report

Internal Audit Charter Update

Quarterly Project Management update report

Changes to the Constitution (if any)

- **Committee 28th September 2016**

Final Statement of Accounts 2015/16

Mazars Audit Completion Report

Update on the OPA Review

Key Corporate Risks Quarter 3

Follow up of Internal & External Audit recommendations

Internal Audit & Fraud plan progress report

Quarterly Project Management update report

Changes to the Constitution (if any)

- **Committee 7th December 2016**

Mazars Annual Audit Letter 2015/16

Mazars Audit Progress Report

Treasury Management Mid year review report 2016/17 and review of prudential indicators

Attendance Management update Report

Information Governance & Freedom of Information Update Report

Internal Audit & Fraud Progress Report

Changes to the Constitution (if any)

- **Committee February 2017**

Key Corporate Risk Monitor

Mazars Audit Progress Report

Scrutiny of the Treasury Management strategy statement and Prudential indicators

Counter Fraud: Risk Assessment and review of policies

Audit & Counter Fraud Plan & Consultation

- **Committee April 2017**

Approval of Internal Audit Plan

Internal Audit & Fraud Plan Progress Report

Internal Audit Follow up of Audit Recommendations Report

Mazars Audit Progress Report

Mazars Audit Strategy Report