

Notice of a public meeting of

Audit and Governance Committee

To: Councillors Pavlovic (Chair), Fisher (Vice-Chair), Lomas, Mason, Wann, Webb and Carr

Date: Friday, 21 January 2022

Time: 5.30 pm

Venue: Remote Meeting

In view of the changing circumstances around the covid-19 pandemic, this meeting will be held remotely. Any decisions made will form recommendations to the chief operating officer.

AGENDA

1. Declarations of Interest

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

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

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

2. Minutes (Pages 1 - 16)

To approve and sign the minutes of the meeting held on 16 November 2021 and 1 December 2021.

3. Public Participation

At this point in the meeting members of the public who have

registered to speak can do so. Please note that our registration deadlines have changed to 2 working days before the meeting, in order to facilitate the management of public participation at our meetings. The deadline for registering is 5.00pm on 19 January 2022. Members of the public can speak on agenda items or matters within the remit of the committee.

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill out an online registration form. If you have any questions about the registration form or the meeting please contact the Democracy Officer for the meeting whose details can be found at the foot of the agenda.

Webcasting of Public Meetings

Please note that, subject to available resources, this public meeting will be webcast including any registered public speakers who have given their permission. The public meeting can be viewed on demand at www.york.gov.uk/webcasts. During coronavirus, we've made some changes to how we're running council meetings. See our coronavirus updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

Written representations in respect of items on this agenda should be submitted to Democratic Services by 5.00pm on 19 January 2022.

4. Key Corporate Risks monitor 3 (Pages 17 - 58)

This report provides an update on the key corporate risks for City of York Council.

5. Corporate Governance Report (Pages 59 - 68)

This report provides Members with updates in respect of:

- Investigatory Powers Commissioner's Office (IPCO) inspection
- Corporate Governance performance indicators update;
- Information Commissioners Office (ICO) published decision notices;
- Ombudsman cases from last report in October 2021 to 31st December 2021.

6. Audit & Counter Fraud Plan & Consultation (Pages 69 - 110)

This report provides an update on the delivery of the internal audit work programme for 2021/22 and on counter fraud activity undertaken so far in the year.

7. Counter Fraud Framework (Pages 111 - 154)

This report provides an update to the committee following the annual review of the counter fraud framework. It includes updates to the counter fraud and corruption policy, counter fraud strategy action plan, and to the fraud risk assessment. It also includes a brief summary of national and local trends in counter fraud.

8. Internal Audit & Fraud Plan & Progress report (Pages 155 - 160)

The purpose of the report is to seek members' views on priorities for internal audit work for 2022/23.

9. Audit and Governance Work Plan (Pages 161 - 164)

To receive a draft plan of reports currently expected to be presented to future meetings of the Committee up to April 2022.

10. Urgent Business

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

Democracy Officer:

Name: Robert Flintoft

Telephone: (01904) 555704

Email: Robert.flintoft@york.gov.uk

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

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

- Copies of reports

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

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

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

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 (01904) 551550

City of York Council

Committee Minutes

Meeting	Audit And Governance Committee
Date	16 November 2021
Present	Councillors Pavlovic (Chair), Fisher (Vice-Chair), Lomas, Mason, Wann, Webb And Carr

Apologies

41. DECLARATIONS OF INTEREST

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

42. MINUTES

Resolved: That the minutes of the meeting held on 29 September 2021 and 2 October 2021 be approved and then signed by the Chair as a correct record, following the following amendments:

That minute 28 from the 29 September 2021 meeting amend Andy Mendus public participation be amended to read 'Andy Mendus enquired as to whether the use of settlement agreements as outlined in the proposed guidance were exceptional as stated, or if they would be more routine, noting the reference to a budget for these payments. Regarding Make it York he noted that it was good for the Committee to intervene and asked the Committee to seek an explanation as why the missing reports were not chased up, and whether the Council knew if Make it York was in breach of the rules relating to Teckal companies in this period.'

That minute 35 from the 20 October 2021 meeting amend Andy Mendus public participation be amended to read 'Andy Mendus raised a number of questions relating to the internal audit reports

including Council Tax and NNDR's and data corruption issues, whether there had been too relaxed a approach to cyber security when auditing York schools, and relating to Council projects he was concerned that Gateways were not being used correctly but being treated as a tick box exercise.

That minute 38 from the 20 October 2021 meeting add to the resolved that 'That the Committee voted in favour of maintaining the wording 'The Membership of the Audit and Governance Committee will not include in its Membership any Member of the Executive or the Lord Mayor or the Sheriff.'

43. PUBLIC PARTICIPATION

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

Andy Mendus spoke in relation to KCR 11 and the Constitution. He asked for further detail as to how Children's and Adult Social Care would balance maintaining value for money with long term collaboration in its contract management procedures. On the Constitution he raised the role of independent members of Audit and Governance, he noted that he had contacted Committee Members and Officers regarding the role of independent members at other Councils and how the role is outlined in legislation. He requested that the Committee ensure roles for independent members be outlined within the Constitution.

The Chair confirmed on behalf of the Committee, as was outlined at the previous Committee meeting. That members were in support of including independent members on the Audit and Governance Committee and supported its inclusion within the Constitution.

44. REVIEW OF THE COUNCIL'S CONSTITUTION

The Committee continued its review of the constitution by considering the work undertaken, by the cross party working group set up by the Committee, articles 14, 15, 20, 21, 23, 24, and appendices 10, 13, 19, 20, 21, 26 and 28. These articles and appendices can be found in the draft constitution published

in the Audit and Governance Committee agenda from 8 September 2021.

Article 14 - The Council's Licensing Functions, was noted.

Article 15 A - Corporate Appeals Committee, Officers outlined the current issues of single gender panels raised by HR, trade unions, and members of staff around the makeup of the Corporate Appeals Committee. It was therefore discussed how the article could ensure mixed gender panels and it was considered that the article should include the requirement for either one women or one member of a minority gender on each panel.

Article 15 B – Investigating and Disciplinary Committee and Chief Officer Appeals Committee, The Committee discussed whether the article should include a list of chief officers for reference. Officers noted that this would be included in the intro to the constitution which would be completed once the other sections of the constitution were agreed. Therefore, Members requested that reference be included to the intro in this section.

Article 20 - York's Commitment to Corporate Parenting, Members discussed the role of Corporate Parenting and the role of Children's and Education Policy and Scrutiny Committee. Discussions took place around whether opposition members should have a place on the Committee, Officers suggested against this suggesting it was not the place for opposition scrutiny from Members and was instead for young people who were in, or had been looked after by the Council to have their say and that scrutiny would provide the role of offering Members the opportunity to scrutinise the Council and relevant Executive Members. It was noted that the constitution would move meetings to a private setting as there had been challenges including children on live streams and some children had not wanted to engage because of this.

Article 21 - Joint Arrangements, was noted.

Article 23 – Officers, was noted.

Article 24 – Finance, Contracts and Legal Matters, was noted.

Appendix 10 - Financial Procedure Rules, Officers confirmed that breaches if occurred would be reported to the relevant

Executive Member and the Audit and Governance Committee. Members highlighted and requested a review for any typos and the use of gender pronouns.

Appendix 19 – Protocol for use of ICT by Members/Use of Resources, The Committee discussed the importance of Members access to ICT resources and it was outlined by Officers the importance of using Council issued devices. Members raised questions about the potential financial implications relating to providing Council ICT to every Member and requested a future update be provided to the Committee.

Appendix 20 - Member Allowances and Member Allowances Scheme, was noted.

Appendix 21 - Urgent Decision Making Protocol, was noted.

Appendix 26 – Information Governance, The Committee requested that the appendix also include a link to the Ombudsman for ease of use for residents.

Appendix 28 - Protocol on the Production and Content of Minutes of Meetings, was noted.

The work of the cross party working group was discussed, as well as, what could be discussed alongside the scrutiny functions in the constitution at the Committees 1 December 2021. Members also discussed how the Council could promote public comments on the Constitution and it was agreed that the revised constitution would be published online after the 1 December 2021 meeting and a press release would be issued requesting comments before the 2 February 2021 meeting of the Committee.

Resolved:

- i. The Committee noted the work of the Cross Party Working Group;
- ii. That the Committee agreed the Articles and Appendices listed above subject to the following amendments:
 - That Article 15 A include ‘Membership should be one women or one member of a minority gender’;

- That Article 15 B include a link to the introduction of the constitution listing chief officers;
 - That Appendix 10 that typos be corrected and gender neutral pronouns be used in the appendix and to be circulated to the Committee;
 - That Appendix 26 include a link to the ombudsman.
- iii. That a report be brought to the Committee to outline expenditure associated with providing ICT equipment to all Members;
- iv. That a revised draft of the constitution following the Committee meeting on 1 December 2021 be published on the Council website and a press release asking for public comments on the constitution by the 2 February 2021 meeting.

Reason: To ensure that the Council Constitution is accurate and is fit for purpose to effectively support the service delivery and decision making responsibilities of the Council in a lawful and financially compliant manner. The Council is required to work towards the delivery of the Action Plan in response to the Public Interest Report.

45. MONITOR 2 2021/22 - KEY CORPORATE RISKS

The Committee provided an update on the Council's Key Corporate Risks (KCRs) before a further in detail introduction to KCR 11 External Market Conditions: Failure to deliver commissioned services due to external market conditions.

Members made a number of enquiries including business continuity planning linked to KCR 10 and what the Council would plan for. Officers noted that plans were held across the Directorates with individual plans held at service level and that if Members wished to explore specific services plans then officers could enquire and provide a update. The Committee also raised suggestions that Government could alter business rates and how this would affect the Council. It was noted that no changes had been announced from Government but it would be expected that the Council would be compensated if they were to be effected by any business rate changes. Finally the

Committee also requested that KCR 8 be updated with examinations of the Local Plan expected shortly.

In relation to KCR 11 officers highlighted challenges of recruitment and retention, which had been problem faced nationally in commissioned services. It was noted that the Council had 2 contract failures with suppliers which officers considered to be lower than expected, the Council had continued to work closely with suppliers and had effectively transferred contracts to new suppliers where necessary.

The Committee enquired about vaccine rates for care home staff in York and it was confirmed that only 1% of staff had yet to get a vaccine and some were now being invited to have a booster jab. Haxby Halls move away from the Council was also raised and it was noted that the Council continued to work closely with the provider, however, it was noted that the provider was facing challenges relating to retaining staff as it renegotiates contracts of staff. It was confirmed by Officers that the current consultation at Haxby Hall were not expected to effect the delivery of the expected services.

Resolved:

- i. Considered and commented on the key corporate risks included at Annex A, summarised at Annex C;
- ii. considered and commented on the information provided in relation to KCR11 External Markets included at Annex B;
- iii. noted that the 2021/22 Monitor 3 report will include a detailed analysis of KCR12 Major Incidents;
- iv. provided feedback on any further information that they wish to see on future committee agendas.

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

46. AUDIT AND GOVERNANCE WORK PLAN

The Committee considered the 2021-22 work plan and agreed to move the Key Corporate Risks monitor 3, Corporate Governance Report, and Internal Audit & Fraud Plan & Progress report from the Committees meeting on 1 December 2021 to 2 February 2022.

Resolved:

- i. That the Key Corporate Risks monitor 3, Corporate Governance Report, and Internal Audit & Fraud Plan & Progress report from the Committees meeting on 1 December 2021 be moved to 2 February 2022.

Reason: So that the committee has a planned programme of work in place.

Cllr Pavlovic, Chair

[The meeting started at 5.30 pm and finished at 8.51 pm].

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Meeting	Audit And Governance Committee
Date	1 December 2021
Present	Councillors Pavlovic (Chair), Fisher (Vice-Chair), Lomas, Mason, Wann, Webb And Carr
Apologies	

47. DECLARATIONS OF INTEREST

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

48. PUBLIC PARTICIPATION

It was reported that there had been 3 registrations to speak at the meeting under the Council's Public Participation Scheme.

Andy Mendus asked whether borrowing could be brought forward to avoid interest rate rises and whether the capital spend section in the Treasury Management report could be presented differently in future reports, as he felt it was misleading. He also asked whether the Committee reviewed the effectiveness of principle 3B and whether a revised version of the draft Constitution would be published online with the current amendments approved by the Committee today.

Gwen Swinburn raised concerns about public consultation in relation to the draft Constitution and asked that the Committee not sign off a final draft until a 3 or 4 week consultation had taken place. She raised a number of concerns about areas within the draft Constitution which she believed had not been addressed in the draft such as oversight of Teckal companies or shared services. She noted that she was relieved that the Committee would not consider the final statement of accounts as not all the relevant papers had not be provided to the Committee. Finally she raised the signing off of reports noting that some senior report authors were signing off their own report and not having sign off from a more senior officer.

Cllr Kilbane raised a number of concerns including questioning the proportionality of elected Members on Customer and Corporate Services Scrutiny Management Committee. He raised concerns relating to the role of the Monitoring Officer in an incident of disability discrimination at Full Council and standards complaints raised by opposition members which he believed were valid complaints being dismissed before investigation. He raised the cultural problems highlighted by the Local Government Association at agenda item 7 and highlighted, what he believed were corrupt practices and incidents from the Councils current administration parities.

49. MAZARS AUDIT COMPLETION REPORT

The Committee were informed that the final draft of the Audit Completion report was not ready for circulation until 30 November 2021. Mazars confirmed that the report could be ready for the Committees 2 February 2022 meeting, it was therefore agreed that the report would be deferred.

Resolved:

- i. That the Mazars Audit Completion Report be deferred until the 2 February 2022.

Reason: Because the Mazars Audit Completion Report was not prepared in time to be published with the agenda.

50. TREASURY MANAGEMENT MID-YEAR REVIEW 20/21 AND REVIEW OF PRUDENTIAL INDICATORS

Officers introduced the report noting that it represented the financial year until September 2021 and noted that it had been to Executive. It was confirmed that Covid-19 had had little impact on Treasury Management and cash levels were higher than expected, it was also noted that interest rates remained low and investment income remained low.

The Committee asked about the role of forward borrowing and whether the Council could explore borrowing money in advance to get better borrowing rates. Officers noted that forecasting was always used to ensure the Council was achieving best value for money, targeting low interest rates and moving to lock in

interest rates where the Council can avoid a cost of carry. Officers noted that usual practice had been effected in recent years because of several years of dropping interest rates, this meant that it had not been a bad time to borrow for several years and the Council had therefore focused on spreading debt and borrowing across years.

Members also enquired about how the Government's announcement of a UK Infrastructure Bank would operate. It was noted that insufficient information had been provided to determine whether the new infrastructure bank would be useful to the Council but officers would explore its rates and reliability when more information was provided.

Resolved:

- i. Audit & Governance Committee noted and scrutinised the Treasury Management Mid-year Review and Prudential Indicators 2021/22 at Annex A.

Reason: 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.

51. FINAL STATEMENT OF ACCOUNTS INCLUDING ANNUAL GOVERNANCE STATEMENT

The Committee noted that due to the Mazars Audit Completion report not being prepared in time for agenda publication that the Final Statement of Accounts would also be deferred until 2 February 2022.

Resolved:

- i. That the Final Statement of Accounts including Annual Governance Statement be deferred until the 2 February 2022.

Reason: Because the Mazars Audit Completion Report was not prepared in time to be published with the agenda.

52. ANNUAL REPORT OF THE MONITORING OFFICER

The Committee were informed that the annual report of the monitoring officer was intended to be considered alongside the final statement of accounts and therefore an updated report would be provided to the 2 February meeting.

Members considered the report and enquired about the progress against the appointment of independent persons to the Committee, it was confirmed that officers had meet with the Independent Remuneration panel and would be meeting with them again with the intention of providing a update on independent persons in the new year to the Committee.

Investigations of complaints against councillors were discussed and some members raised concerns that they felt complaints against administration councillors had not been considered in the same way as opposition councillors. Members also questioned the figures provided regarding scam emails which had evaded corporate malware, concerns were raised that the number of 16,373,193 seemed very high, officers promised to enquire about the data and circulate a confirmation of the correct figures.

Resolved:

- i. That it be noted that the report will be updated and brought to the Committee meeting 2 February 2022.

Reason: Because the Mazars Audit Completion Report was not prepared in time to be published with the agenda and therefore the final statement of accounts was not considered.

53. PROGRESS AGAINST THE ACTION PLAN

The Committee were joined by Mark Edgell Facilitator/Manager from the Local Government Association (LGA), to discuss the questions raised by the LGA relating to the Council Action Plan, in response to the Public Interest Report (PIR), following the Committees request for the support of the LGA.

Mr Edgell outlined five areas which the LGA believed required additional focus, which were outlined in annexes to the report. He highlighted specifically the need for cultural change at the Council. He also noted that the Council would need to determine how to measure whether the actions within the plan once successfully carried out would have made a difference. He noted that the LGA would provide a final report to the Committee in a year.

The Committee discussed the requirement for cultural change at the Council and enquired whether York being a three way marginal, or having a strong leader system of government facilitated cultural problems. Mr Edgell noted that he felt these circumstances outlined were not solely responsible and noted that other Councils in a similar situation did not have similar cultural issues. It was noted that previous PIR's had highlighted similar cultural problems at the Council and it was debated how the Council might address these issues. Mr Edgell noted the role of councillor and officer training to ensure roles are understood and promote members to follow guidance provided by officers.

Members raised the role of the Monitoring Officer and the LGA's recommendation that action be taken to ensure the Monitoring Officer can carry out their role effectively. In relation to the PIR it was noted that the Monitoring Officers advice was not fully taken by Members involved and it was discussed how to prevent this happening again. The Committee considered whether individual training for Members could be mandated and whether a log could be maintained of advice provided by the Monitoring Officer to Members. It was also considered whether or not, the Monitoring Officer could intervene if they believed a Member was not declaring an interest in a meeting, where it would be appropriate to do so.

The Council's complaints procedures were considered in relation to complaints raised against Members. The work of the Joint Standards Committee to improve the complaints procedure were highlighted along with the adoption of the LGA's model code of conduct. This work was welcomed by Members of the Committee as it was noted that some standards complaints previously including one which related to the actions which led to the incident connected to the PIR had been dismissed before reacting the Joint Standards Committee under the previous guidance. It was highlighted that some Members

felt the Councils procedures at the time of the PIR, had not been carried out consistently when a standards complaint was made against a Member.

The Committee therefore discussed how the gaps highlighted by the LGA whether the action plan could be amended to seek to address these issues. Officers noted that the implementation plan for the action plan could be reviewed and would be discussed in the next peer meeting with the LGA. Members also noted that the LGA had raised a number of questions to Council Officers and the Committee therefore enquired as to whether these could be shared with Members, officers noted that they would need to enquire with the LGA and would share if the LGA were in agreement.

Resolved:

- i. That the Committee request a six month update report from the LGA on the progress of the Council implementation of the Action Plan;
- ii. That Officers discuss with the LGA how to incorporate into the implementation plan, actions to address gaps identified by the LGA in the report;
- iii. Officers to enquire with the LGA about sharing questions raised by the LGA to officers with Members of the Committee via email.

Reason: The Audit & Governance Committee is required by Full Council to monitor the delivery of the Action Plan prepared in response to the Public Interest Report.

54. REVIEW OF THE CONSTITUTION

The Committee welcomed the chair of Customer and Corporate Services Scrutiny Management Committee (CCSMC) to the meeting, to discuss Article 8 – Policy, Overview and Scrutiny. It was confirmed that Committee members had all received comments from the Chair of CCSMC which had been written following consultation with Scrutiny chairs earlier in the day.

The Chair of CCSMC noted his apologies for the lateness of sharing these comments, he noted that it had been challenging engaging with all Scrutiny chairs. He asked that the Committee focus on the role of scrutiny to provide checks and balances to

the Councils decision making and that Members consider the role of scrutiny from the perspective of multiple different roles on the Council. He also raised the current procedures connected to Call-in's as being in need of improvement such as the expected role of officers in the meeting and the ability to outline opportunity for other scrutiny topics, regardless of the outcome of the Call-in.

The Committee discussed whether sufficient time had been given to consider the proposals provided for amendments to article 8 and whether other discussions could be had, even if, additional time would be required to consider specific suggested amendments to the article. The Committee agreed to request that the item be deferred to a future meeting and that the comments provided by the Chair of CCSMC be shared once again with Scrutiny Chairs to provide additional comments if they wished. It was also noted that individual chairs of scrutiny committees were welcome to provide comments on the article if they wished.

Resolved:

- i. That consideration of Article 8 of the draft constitution be deferred to a future meeting to allow for the Committee and Officers to consider the comments of Scrutiny Chairs.

Reason: Because insufficient time was available to the Committee to consider the comments of Scrutiny Chairs prior to the meeting.

55. AUDIT AND GOVERNANCE WORK PLAN

The Committee discussed the amount of items that would now be discussed at the Committee's 2 February 2022 meeting, considering they would now also be considering Final Statement of Accounts including Annual Governance Statement. Members enquired about whether an additional meeting could be added to the Committee's work plan and officers agreed to explore the possibility of an additional date.

Resolved:

- i. That the Final Statement of Accounts including Annual Governance Statement be added to the Committees 2 February 2022 meeting;
- ii. That officers explore the possibility of an additional Committee date to split the work items from the 2 February 2022 meeting to a second meeting.

Reason: To ensure the Committee maintains a program of work for 2021/22.

Cllr M Pavlovic, Chair

[The meeting started at 5.30 pm and finished at 8.21 pm].



Audit & Governance Committee**21 January 2022**

Report of the Chief Finance Officer

Monitor 3 2021/22 - Key Corporate Risks**Summary**

1. The purpose of this paper is to present Audit & Governance Committee (A&G) with an update on the key corporate risks (KCRs) for City of York Council (CYC), which is included at Annex A.
2. A detailed analysis of KCR12 (Response to Major Incidents) is included at Annex B.

Background

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

- Risks are raised or escalated on an ad-hoc basis by any employee
 - Risks are identified at DMT meetings
5. Due to the diversity of services provided, the risks faced by the authority are many and varied. The Council is unable to manage all risks at a corporate level and so the main focus is on the significant risks to the council's objectives, known as the key corporate risks (KCRs).
 6. The corporate risk register is held on a system called Magique. The non KCR risks are specific to the directorates and consist of both strategic and operational risk. Operational risks are those which affect day to day operations and underpin the directorate risk register. All operational risk owners are required to inform the risk officer of any updates.
 7. In addition to the current KCRs, in line with the policy, risks identified by any of the Directorates can be escalated to Council Management Team (CMT) for consideration as to whether they should be included as a KCR. KCRs are reported and discussed quarterly with CMT and Portfolio Holders.
 8. Each quarter, over the last 3 years, A&G have received detailed reviews of each individual KCR in the form of Annex B. The inclusion of KCR12 in this report is the final detailed submission, since all KCR's have now been covered in detail. It is proposed that A&G now return to the 'usual' monitoring report format which covers the summary (annex A) only. This proposal is included below as a recommendation.

Key Corporate Risk (KCR) update

9. There are currently 12 KCRs which are included at Annex A in further detail, alongside progress to addressing the risks.
10. Annex C is a one page summary of all the KCR's and their current gross and net risk ratings.
11. In summary the key risks to the Council are:
 - KCR1 – Financial Pressures: The Council's increasing collaboration with partnership organisations and ongoing

government funding cuts will continue to have an impact on Council services

- KCR2 – Governance: Failure to ensure key governance frameworks are fit for purpose.
- KCR3 – Effective and Strong Partnership: Failure to ensure governance and monitoring frameworks of partnership arrangements are fit for purpose to effectively deliver outcomes.
- KCR4 – Changing Demographics: Inability to meet statutory deadlines due to changes in demographics
- KCR5 – Safeguarding: A vulnerable child or adult with care and support needs is not protected from harm
- KCR6 – Health and Wellbeing: Failure to protect the health of the local population from preventable health threats.
- KCR7 – Capital Programme: Failure to deliver the Capital Programme, which includes high profile projects
- KCR8 - Local Plan: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding
- KCR9 – Communities: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.
- KCR10 – Workforce Capacity: Reduction in workforce/ capacity may lead to a risk in service delivery.
- KCR11 – External market conditions: Failure to deliver commissioned services due to external market conditions.
- KCR12 – Major Incidents: Failure to respond appropriately to major incidents.

12. The risks in relation to Covid-19, continue to affect most council services and have an impact on 11 out of 12 existing KCRs.

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

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

Impact					
Critical					
Major			6 (6)	1 (1)	
Moderate		1 (1)	3 (3)	1 (1)	
Minor					
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

15. By their very nature, the KCRs remain reasonably static with any movement generally being in further actions that are undertaken which strengthen the control of the risk further or any change in the risk score. In summary, key points to note are as follows;

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

Updates to KCR risks, actions and controls

16. KCR1 – Financial Pressures. The council recognise the emerging risk of the increasing inflation rate which will create greater cost pressures for the Council (and also has an impact on other KCRs as mentioned below). The existing mitigations in place would manage this and the risk scores remain unchanged.

17. KCR2 – Governance. The Member training action covering Code of Conduct and Conflict of Interest was achieved and is now included as mitigation to the risk score. Dates have been

revised on outstanding actions to review the Constitution and Delivery of the Member training programme. A new action/timescale is included for the implementation and embedding of actions in response to the April 2021 Public Interest Report.

18. KCR7 – Capital Programme. The council recognise the emerging risk of the increasing inflation rate which will create greater cost pressures for the Council’s capital programme. The existing mitigations in place would manage this and the risk scores remain unchanged.
19. KCR8 – Local Plan. A new action has been included to note that correspondence as to the latest local plan position is regularly published on the Councils website to ensure all parties are kept abreast of the Planning Inspector and CYC dialogue.
20. KCR9 – Communities. A new control has been added to note the Volunteer Centre established through York CVS. The ‘People Helping People Strategy’ is being reviewed and a new action is included to note that the Access & Inclusion role has been established and will shortly be recruited to.
21. KCR10 – Workforce/ Capacity. A new risk is included of potential strike action. There are additional risks included in relation to recruitment and retention including a lack of qualified workforce (eg care staff, HGV drivers) and the ongoing national skills shortage in certain sectors. The existing mitigations in place would manage this and the risk scores remain unchanged.
22. KCR11 – External Market Conditions. A new risk has been added to note the emerging risk of the increasing inflation rate which will create greater cost pressures for Providers and subsequently the Council. In addition Providers may face short to medium term recruitment issues, or face an increase in costs which is passed on to the Council. An existing action to complete the Market Position Statement has a revised date of May 2022. The existing mitigations in place would manage this and the risk scores remain unchanged.
23. KCR12 – Response to Major Incidents. Several new mitigations are included. These include the Outbreak Management Advisory Board, regular review and

communication of climate change actions. This is covered in further detail in Annex B.

Options

24. Not applicable.

Council Plan 2019-2023

25. The effective consideration and management of risk within all of the council's business processes helps support achieving all eight of the key outcomes identified in the Council Plan.

Implications

26. There are no further implications.

Risk Management

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

Recommendations

28. Audit and Governance Committee are asked to:

- (a) consider and comment on the key corporate risks included at Annex A, summarised at Annex C;
- (b) consider and comment on the information provided in relation to KCR12 Response to Major Incidents included at Annex B;
- (c) note that in future reports there will be no further detailed analysis of a specific KCR (Annex B) unless requested;
- (d) provide feedback on any further information that they wish to see on future committee agendas

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

Contact Details

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Lisa Nyhan
Corporate Risk and
Insurance Manager

**Report
Approved ✓**

**Date
11/01/22**

Specialist Implications Officer(s)

Steve Ball, Emergency Planning Manager
Sharon Stoltz, Director of Public Health

Wards Affected All

Background Papers

Response to Major and Critical Incidents (RMCI) Joint Decision Model

Annexes

A – Key Corporate Risk Register

B – Analysis of KCR12 Response to Major Incidents

C – Summary of Key Corporate Risks

D - Risk Scoring Matrix

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**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2022**

KCR 1 FINANCIAL PRESSURES: The ongoing government funding cuts and more recently the impact of Covid will continue to have an impact on council services. Over the course of the last 10 years there has been a substantial reduction in government grants leading to significant financial savings delivered. The council needs a structured and strategic approach to deliver the savings in order to ensure that any change to service provision is aligned to the council's key priorities. In addition other partner organisations are facing financial pressures that impact on the council.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Reduction in government grants leading to the necessity to make savings</p> <p>Increased service demand and costs (for example an aging population).</p> <p>Financial pressures on other partners that impact on the council</p> <p>The spending review is one year only for 2021/22 and 22/23.</p> <p>Financial impact of Covid-19 on Council budgets</p> <p>Financial impact of Covid-19 on the economy as a whole</p> <p>Lack of resources to fully utilise Covid-19 government funding within set timescales, which are very short</p>	<p>Potential major implications on service delivery</p> <p>Impacts on vulnerable people</p> <p>Spending exceeds available budget</p> <p>Lack of long term funding announcements from central government creates uncertainty which hinders long term financial planning</p> <p>Lack of long term funding announcements from central government may impact on staff retention as it creates uncertainty for temporary posts funded by external funding</p> <p>Covid-19 will result in additional expenditure pressures (eg. Staff, PPE) and a shortfall in income (eg parking, commercial property), which are unlikely to be fully reimbursed by central government. This will result in potential short term</p>	Highly Probable	Major (21)	<p>Regular budget monitoring</p> <p>Effective medium term planning and forecasting</p> <p>Chief finance officer statutory assessment of balanced budget</p> <p>Regular communications on budget strategy and options with senior management and politicians</p> <p>Skilled and resourced finance and procurement service, supported by managers with financial awareness</p> <p>Ongoing analysis of implications of Covid-19 through budget monitoring and realignment of resources</p> <p>Robust recording of Covid 19 expenditure for MHCLG should increase likelihood of receiving the maximum reimbursement from central government</p> <p>Financial Strategy 2021/22 approved</p> <p>Climate change mitigation and adaptation programme</p>	Probable	Major (20)	New Risk	Development of budget strategy for 2022/23 (Debbie Mitchell, 31/01/2022)

**ANNEX A
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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Increased severity and frequency of climate hazard events (e.g. flooding)</p> <p>NEW: General cost pressures due to increasing inflation rate</p>	<p>budget pressures which will need to be mitigated by a reduction or reprioritisation of spending or use of reserves. In the long term additional savings will be required and use of reserves will reduce our financial resilience</p> <p>An economic downturn will affect the Council's main sources of funding; reducing business rates income if premises are vacant and reducing council tax income if more individuals require support due to unemployment.</p> <p>Increased cost of responding to emergency situations, as a result of climate change, and impact on service delivery.</p>							

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Increased interactions in relation to FOIA and transparency</p> <p>Failure to comply with data protection and privacy legislation</p> <p>Serious breach of health and safety legislation</p> <p>Failure to comply with statutory obligations in respect of public safety</p> <p>The initial response to Covid-19 required the Council to put in place urgent decision making guidance to ensure that decisions could be made rapidly, although there was no government guidance until 4 April.</p> <p>Response to Covid-19 has resulted in the requirement to conduct remote decision making meetings.</p> <p>The actions to rectify governance weakness agreed by Council in May</p>	<p>Increases in cases held or fines levied by Information Commissioner</p> <p>Failing to meet the legal timescales for responding to FOIA may result in reduced confidence in the council's ability to deal with FOIA and in turn, its openness and transparency</p> <p>Individuals will be at risk of committing criminal offences if they knowingly or recklessly breach the requirements of the GDPR legislation.</p> <p>Potential increased costs to the council if there are successful individual claims for compensation as a result of a breach of GDPR legislation.</p> <p>Impact on the end user/customer</p> <p>Public and staff safety may be put at risk</p> <p>Possible investigation by HSE</p>	Probable	Major (20)	<p>Electronic Communication Policy</p> <p>IT security systems in place</p> <p>Governance, Risk and Assurance Group (GRAG) covers a wide range of governance issues, including Covid-19 impacts</p> <p>Ongoing Internal Audit review of information security</p> <p>Health and Safety monitoring in place</p> <p>Regular monitoring reports to Audit & Governance committee and Executive Member decision sessions</p> <p>Open Data platform providing Freedom of Information (FOI) requested data</p> <p>Regular review of transparency code legislation and compliance</p> <p>Ongoing management of data architecture to provide de-personalised data to open data platform</p>	Possible	Major (19)	New Control and revised dates	<p>Review of Council constitution underway, to report to A&G and Council (Janie Berry 31/3/22) REVISED DATE</p> <p>Delivery of a comprehensive member development and training programme covering all aspects of governance and decision making. To include the constitution, safeguarding, information security. (Janie Berry 30/6/22) REVISED DATE</p> <p>NEW: Ongoing review: Implementation and embedding of actions in response to the April 2021 PIR as agreed by Council in May 2021 (Janie Berry 31/12/22)</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>2021 in response to the Public Interest Report (PIR) issued in April 2021 will not be achieved.</p>	<p>Prohibition notices might be served preventing delivery of some services</p> <p>Prosecution with potential for imprisonment if Corporate Manslaughter</p> <p>Adverse media/ social media coverage</p> <p>Reputational impact</p> <p>Risk of litigation against any decisions taken during the 'emergency' Covid-19 period, although this reduces as time lapses</p> <p>Failure to get sign off of statutory accounts (for governance reasons) if the actions agreed in the PIR report are not complete</p>			<p>Public Protection Annual Control Strategy</p> <p>Additional resource, training and improved processes to deal with FOIA requests</p> <p>All officer and delegated decisions are reported publicly to Executive/ A&G to ensure transparency</p> <p>Ongoing Health and Safety Training programmes at all levels</p> <p>Ongoing regular review of internal audit reviews and recommendations</p> <p>SIRO role has changed to Director of Governance and the relationship between the Senior Information Risk Officer (SIRO) and the Caldicott Guardian is being strengthened</p> <p>Customer Complaints toolkit has been reviewed and reports to A&G</p> <p>Governance training provided for Directors</p> <p>Process for consistent completion of Data Protection</p>				

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Impact Assessments (DPIA) has been circulated across the council</p> <p>The LGA will review and report on the achievement of PIR actions</p> <p>NEW (COMPLETED ACTION): Member training in respect of the Code of Conduct and conflict of interests.</p>				

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively monitor and manage partnerships</p> <p>Partner (especially NHS, Academies) financial pressures may affect outcomes for residents</p> <p>Unilateral decisions made by key partners may effect other partners' budgets or services</p> <p>Financial pressure on York Teaching Hospitals NHS Foundation Trust (YTHFT) and Vale of York Clinical Commissioning Group (VOYCCG), which may have worsened further due to Covid-19</p>	<p>Key partnerships fail to deliver or break down</p> <p>Misalignment of organisations' ambitions and direction of travel</p> <p>Ability to deliver transformation priorities undermined</p> <p>Adverse impact on service delivery</p> <p>Funding implications</p> <p>Reputational impact</p>	Probable	Major (20)	<p>Account management approach to monitoring key partnerships. CMT identified the 60 organisations who have the most potential to influence or affect organisational aims and priority outcomes for residents, and monitors on a quarterly basis. Each Corporate Director and the Chief Executive lead on specific relationships.</p> <p>Internal co-ordination such as Creating Resilient Communities Working Group (CRCWG) meet regularly to understand which areas of the council are working with different partners and what is happening across these agendas.</p> <p>There were many positive examples that partnerships worked well together in the event of the Covid-19 emergency and successfully deals with issues; eg. the Outbreak Management Board is a non- decision making body which meets regularly; the YCAB partnership; collaboration with DoE</p>	Possible	Moderate (14)	No change	No current actions

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Development and regeneration makes York more desirable and accessible to residents, students and business, resulting in increasing inward migration to York.</p> <p>An increase in the aging population requiring services from the council</p> <p>Increase in complexity of needs as people get older</p> <p>Increase in people living with dementia</p> <p>Increase in ethnic diversity of the population means that the council has to understand the needs of different communities in relation to how services are delivered</p> <p>Growing number of people with SEND or complex needs living into adulthood</p>	<p>Increased service demand from residents, including; statutory school placements, SEND, mental health, adult social care and environmental services (eg waste collection)</p> <p>Increased service demand in relation to business (eg Regulation, Planning)</p> <p>Impact of additional demands cause significant financial and delivery challenges, such as a rise in delayed discharges</p> <p>Reputational impact as these mainly impact high risk adult and children's social care service areas</p> <p>Unable to recruit workers in key service areas eg care worker</p> <p>To ensure that decisions made in relation to Covid- 19 are taken with a recognition of the different impacts on certain demographics</p>	Probable	Major (20)	<p>Place planning strategy to ensure adequate supply of school places</p> <p>DfE returns and school population reported every 6 months</p> <p>Local area working structures in frontline services, including Early intervention initiatives and better self-care</p> <p>Assessment and Care management review complete, to better manage adult social care demand on CYC based on community led support</p> <p>Advice and Information Strategy complete, to provide residents with direct access to support and services, to better manage adult social care demand on CYC, resulting in the launch of Livewell York</p> <p>Investment in support brokerage work with NHS integrated commissioning</p> <p>Stakeholder and officer group, to create a more connected and integrated health and social care system.</p> <p>Officer caseload monitoring</p>	Possible	Major (19)	No change	No current actions

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Demographic of workforce supply unable to meet workforce demand</p> <p>Failure to plan for the impact of a rapid change in demographics to front line service provision</p> <p>The impact of Covid-19 may disproportionately affect certain demographics; eg BAME and the older community are more likely to suffer health issues, blue badge holders affected by city centre changes, younger people by job losses</p> <p>The impact of Covid-19 accentuates the risk of widening inequalities</p>				<p>Internal co-ordination such as Creating Resilient Communities Working Group (CRCWG)</p> <p>York Skills Plan</p> <p>The Education Planning Team have completed a review of demographic data to determine the impact on schools</p> <p>Community Impact Assessments are carried out before decision making</p> <p>Redesign and implementation of new arrangements for early help and prevention</p> <p>Ongoing analysis of the Local Plan and Major development projects demographic data to determine the impact on all CYC services.</p>				

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to protect a child or vulnerable adult from death or serious harm (where service failure is a factor)</p> <p>Potential for an increased demand on Children's and Adult services after Covid-19 measures are lifted</p>	<p>Vulnerable person not protected</p> <p>Children's serious case review or lessons learned exercise</p> <p>Safeguarding adults review</p> <p>Reputational damage</p> <p>Serious security risk</p> <p>Financial implications, such as compensation payments</p> <p>Financial and resource implications of an increase in demand once the Covid 19 measures are lifted</p>	Probable	Major (20)	<p>Safeguarding sub groups</p> <p>Multi agency policies and procedures</p> <p>Specialist safeguarding cross sector training</p> <p>Quantitative and qualitative performance management</p> <p>Reporting and governance to lead Member, Chief Executive and Scrutiny</p> <p>Annual self assessment, peer challenge and regulation</p> <p>Audit by Veritau of Safeguarding Adults processes</p> <p>Children's and Adults Safeguarding Boards (LSCB & ASB)</p> <p>Ongoing inspection preparation & peer challenge</p> <p>National Prevent process</p> <p>DBS checks and re-checks</p> <p>Effectively resourced and well managed service</p>	Possible	Major (19)	No change	No current actions

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Annual Safeguarding Board annual plan</p> <p>Controls implemented from peer review action plan</p> <p>Chief Officer Group which brings together Chief Officers from relevant organisations in relation to safeguarding eg police, CYC</p> <p>Children's Social Care records system is upgraded. This is monitored by a project board. Ongoing development is planned and awaiting costings.</p> <p>Ongoing work to ensure capacity is assured to enable any increase in demand to be met after Covid-19 restrictions are lifted</p> <p>Use of different methods of contact methods for vulnerable children, such as facetime, alongside working with the DoE and Ofsted</p> <p>Improvement Plan for Children's social care in place since 2020</p> <p>Improvement Plan for Adult Social Care to address current budget pressures in place May 2021</p>				

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KCR 6 HEALTH AND WELLBEING: Failure to protect the health of the local population from preventable health threats through preventable control measures.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to protect the health of citizens against preventable disease by ensuring appropriate levels of vaccination, immunisation and screening.</p> <p>Failure to demonstrate we are meeting the new responsibilities from central government which include;</p> <ul style="list-style-type: none"> • Outbreak control plan • Governance structure • Independent assurance process <p>Government policy in relation to Covid-19 may prioritise the economy over public health and lift restrictions too soon</p> <p>The impact of the non or late diagnosis of health issues due to the impact of Covid-19 on health services.</p>	<p>Likelihood of mass disease outbreaks</p> <p>Late diagnosis & delay in treatment of health conditions that could be identified earlier through routine screening e.g. breast & cervical cancer, diabetic sight loss</p> <p>Reduction in life expectancy</p>	Probable	Major (20)	<p>Liaison with NHS and Public Health England and development of plans to be able to make a large scale response e.g. Mass Treatment Plan.</p> <p>Health Protection Board recently established with good engagement across partners in local and regional meetings.</p> <p>Annual Health Protection Report to the Health and Wellbeing Board and Health & Adult Social Care Policy and Scrutiny Committee</p> <p>CYC Director of Public Health is co-chair with NHS England of the North Yorkshire & York Local Health Resilience Partnership.</p> <p>Internal audit of health protection governance has been completed giving reasonable assurance.</p> <p>Mass vaccination programme for flu and Covid</p> <p>The main focus of health protection since February 2020 being the public health response to the coronavirus pandemic. The Director of Public Health is leading the York response. An Outbreak Management Advisory Board</p>	Probable	Moderate (15)	No change	<p>The COVID-19 outbreak prevention, management and response will continue to be the main focus throughout 2021/22 and until the pandemic is declared over.</p> <p>The Outbreak Control Plan is due for review in March 2022 (Sharon Stoltz, 31/3/22)</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Failure to protect citizens from the adverse impacts of climate change				<p>has been established together with a governance structure to oversee this work.</p> <p>The lessons learned from the peer review have been incorporated into the COVID-19 Outbreak Control Plan</p> <p>The publication of the 2020 to 2022 Director of Public Health Annual Report will be focused on the response to the COVID-19 pandemic</p> <p>Climate change mitigation and adaptation programme</p>				

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KCR 7 CAPITAL PROGRAMME: Failure to deliver the Capital Programme, which includes high profile projects. The capital programme currently has a budget of £546m from 2021/22 to 2025/26. The schemes range in size and complexity but are currently looking to deliver two very high profile projects, Castle Gateway and York Central, which are key developments for the city.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Complex projects with inherent risks</p> <p>Large capital programme being managed with reduced resources across the Council</p> <p>Increase in scale of the capital programme, due to major projects and lifting of borrowing cap for Housing</p> <p>Reduction in expenditure required due to budget pressures as a result of Covid-19 may reduce future capital programmes</p> <p>NEW: Cost pressures due to increasing inflation rate (particularly in Construction)</p>	<p>Additional costs and delays to delivery of projects</p> <p>The benefits to the community are not realised</p> <p>Reputational Damage</p> <p>Pausing or stopping projects as a result of Covid-19 may create some compliance issues and may mean that existing projects require extensions</p>	Probable	Major (20)	<p>Project boards and project plans</p> <p>Regular monitoring of schemes</p> <p>Capital programme reporting to Executive and CMT</p> <p>Financial, legal and procurement support included within the capital budget for specialist support skills</p> <p>Project Management Framework</p> <p>Additional resource to support project management</p> <p>Capital Strategy 2021/22 to 2025/26 approved in Feb 2021</p> <p>Capital Programmes are sufficiently staffed to deliver to timescales</p> <p>Internal Audit Report gave reasonable assurance on project management arrangements</p> <p>Ongoing procurement and legal review to highlight any issues which may arise as a result of pausing projects due to Covid-19</p>	Possible	Moderate (14)	New risk	Development of capital strategy for 2022/23 (Debbie Mitchell, 31/01/2022)

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to agree and adopt a Local Plan for the City.</p> <p>The Draft Local Plan has started but not completed the Examination stage. There remains a risk that if the Plan fails this stage more work may be required and / or the plan has to be withdrawn by Council and submitted again after the evidence base has been updated. In these circumstances the overall risk score remains unchanged.</p>	<p>The Local Plan Examination process continues and the policies in draft Local Plan is a "material planning consideration" in the consideration and determination of planning applications. Development proposals which are not in accordance with the Draft Plan may continue to be submitted as planning applications, resulting in refusals of planning permission and an increase in planning appeals. An "adopted" Local Plan following the Examination by the Planning Inspectors would carry greater weight than the draft Plan.</p> <p>There may be a negative impact on the council's strategic economic goals and may have an adverse impact on investment in the city until there is an adopted Local Plan which provides greater direction through land use allocations and policies</p>	Probable	Major (20)	<p>The Plan is at the Hearing stage of the Examination Process (which commenced Dec 2019)</p> <p>NEW: Correspondence as to the latest local plan position is regularly published on the Councils website to ensure all parties are kept abreast of the Planning Inspector and CYC dialogue.</p> <p>The plan following national guidance, good practice and specialist legal advice.</p> <p>Continued close liaison with:</p> <ul style="list-style-type: none"> • MHCLG, • Planning Advisory Services • Planning Inspectorate • The appointed planning Inspectors. <p>The Local Plan Working Group (LPWG) , the Executive and full Council have all been engaged in the plan making process at appropriate stages and before submission of Draft Local Plan for Examination.</p>	Possible	Major (19)	New Control	Ongoing action: Monitoring of controls (Neil Ferris, 31/03/2022)

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	<p>which guide and direct development.</p> <p>For some major planning applications which may be supported by the Council the development processes and decision making is slowed down by need to refer application to the Secretary of State for Housing, Communities and Local Government for consideration as to whether a Public Inquiry should be held or not.</p> <p>Central government (Ministry of Housing Communities and Local Government) have already identified York as a high priority to produce a Local Plan. The failure to prepare and produce a Local Plan in accordance with the timescale accepted by central government could possibly result in action from the Secretary of State for Communities and Local Government to directly intervene in the plan making process.</p>			<p>Corporate Director for Place weekly monitoring / management of the process</p> <p>Additional resources to ensure delivery within timescales</p>				

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively engage with the communities we serve</p> <p>Failure to contribute to the delivery of safe communities</p> <p>Failure to effectively engage stakeholders (including Members and CYC staff) in the decision making process</p> <p>Failure to manage expectations</p> <p>Communities are not willing/able to fill gaps following withdrawal of CYC services</p> <p>Lack of cohesion in the planning and use of CYC and partner community based assets in the city</p>	<p>Lack of buy in and understanding from stakeholders</p> <p>Alienation and disengagement of the community</p> <p>Relationships with strategic partners damaged</p> <p>Impact on community wellbeing</p> <p>Services brought back under council provision – reputational and financial implications</p> <p>Budget overspend</p> <p>Create inefficiencies</p> <p>Services not provided</p> <p>Poor quality provision not focused on need, potential duplication, ineffective use of resources, difficulty in commissioning community services e.g. Library services</p>	Probable	Major (20)	<p>Resilient Communities Strategy Group in place</p> <p>New early help and prevention community based service delivery models in People & Customer & Communities</p> <p>Revised Community Safety Plan</p> <p>Devolved budgets to Ward Committees and delivery of local action plans through ward teams</p> <p>Improved information and advice, Customer Strategy and ICT support to facilitate self service</p> <p>CYC Staff and Member training and development</p> <p>Community Safety Strategy approved on 2 March 2020 covering the period 2020-2023</p> <p>Community Hubs set up to support residents through pandemic</p> <p>Roll-out of the Community hubs model as agreed in Oct 2020</p>	Possible	Major (19)	New control and action	NEW: Access & Inclusion role established to be recruited to (Pauline Stuchfield, March 2022)

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Helpline – phone and inbox 7 days a week including bank holidays</p> <p>Covid-19 crisis funds to help the financially vulnerable</p> <p>New management structure (Mar 2021) appoints Director Of Customers and Communities</p> <p>Community Engagement Strategy published</p> <p>NEW: Volunteer Centre established through York CVS. 'People Helping People Strategy' being reviewed.</p>				

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>The necessity to deliver savings has resulted in a reduced workforce requiring new and specialist skills</p> <p>Recruitment and retention difficulties as the council may be seen as a less attractive option than the private sector</p> <p>Lack of succession planning</p> <p>HR Policies may not be consistent with new ways of working (eg remuneration policy)</p> <p>Uncertainty around long term funding from central government.</p> <p>Adjustment to the new ways of working as a result of Covid-19 eg home working, use of PPE,</p>	<p>Increased workloads for staff</p> <p>Impact on morale and as a result, staff turnover</p> <p>Inability to maintain service standards</p> <p>Impact on vulnerable customer groups</p> <p>Reputational damage</p> <p>Single points of failure throughout the business</p> <p>Lack of long term funding announcements from central government may impact on staff retention as it creates uncertainty for temporary posts funded by external funding</p> <p>Potential recruitment issues if staff with EU citizenship leave and are difficult to replace.</p>	Probable	Major (20)	<p>Organisational Development Plan (replaces Workforce Strategy/ People Plan)</p> <p>Stress Risk Assessments</p> <p>PDRs</p> <p>Comprehensive Occupational Health provision including counseling</p> <p>HR policies e.g. whistleblowing, dignity at work</p> <p>Development of coaching/ mentoring culture to improve engagement with staff</p> <p>Corporate Cost Control Group monitoring of absence and performance reporting</p> <p>Apprenticeship task group</p> <p>Agency and Interim Staffing Policies</p> <p>Absence Management Policies</p> <p>Substance Misuse Policy</p>	Possible	Moderate (14)	New Risk	Ongoing action: Review of HR policies to ensure they complement the new ways of working in the future (Helen Whiting, 31/03/22)

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2022**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>increased lone working due to need to social distance</p> <p>Additional workload due to Covid-19</p> <p>Reduction in posts due to restructures required to achieve budget savings</p> <p>NEW: Potential strike action</p> <p>NEW: Lack of qualified workforce (eg care staff, HGV drivers)</p> <p>NEW: Ongoing national skills shortage</p>	<p>Impact on the health & wellbeing of staff has been and will be significant and may increase early retirements and leavers. Due to</p> <ul style="list-style-type: none"> Remote working (working from home) can have a negative impact on wellbeing. Work life balance – unable to separate work from home due to work being carried out within the home Juggling childcare and working hours Supporting home schooling for children <p>However many staff may see an increase in their Health & Well Being due to more agile working. Having greater flexibility between work and home life. As we are able to start returning to the office in a covid secure way it is expected that this will have an increase in Health & Well Being. Although it should be noted staff absence figures have fallen during this period.</p> <p>More agile and flexible working may also result in increased retention of staff</p>			<p>The council has signed up to a pledge to become a Time to Change Employer with a focus on mental health. As this changes from Time to Change we are looking at the continued mechanisms to support good mental health.</p> <p>A Workplace Health & Wellbeing Group has been established with staff & trade union representation which is chaired by the Head of HR.</p> <p>A staff health & wellbeing survey has been undertaken & this is being followed up by staff focus groups.</p> <p>Increase in regulatory compliance to protect the workforce eg Health and Safety regulations, working time directives</p> <p>Increase in Living wage</p> <p>Engagement with staff that had concerns about the EU settlement Scheme for European Citizens and offer of support through York Learning, Registrars and Citizens' Advice Bureau</p> <p>Joint Health and Safety Board and regular review of support for staff</p> <p>Vacancy Control Group set up as a result of budgetary savings and to mitigate any compulsory redundancies</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2022**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	and increase the attraction of candidates for vacant positons.			<p>Improved frequency of informal and formal meetings with Trade Unions to improve communications and relationships</p> <p>Staff questionnaire about returning to the workplace and impact on their health & well being</p> <p>Increased help and awareness of staff wellbeing and mental health as a result of the new ways of working including Covid secure workspace, provision of PPE, establishment of office readiness group, regular communication and information sessions, advice, risk assessments, help with home office and ICT equipment, absence systems, symptom free testing and vaccinations, close working with Public Health.</p> <p>Business Continuity Planning to assist with redeployment of staff or reduction of service during times of shortage eg HGV drivers</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2022**

KCR 11 EXTERNAL MARKET CONDITIONS: Failure to deliver commissioned services due to external market conditions.
 The financial pressures experienced by contracted services (in particular Adult Social Care providers) as a result of increases to the living wage and Covid-19 could put the continued operation of some providers at risk. The Council has a duty to ensure that there is a stable/diverse market for social care services delivery to meet the assessed needs of vulnerable adults/children.
 Some services provided by the Council cannot be provided internally (eg Park and Ride) and must be commissioned. External market conditions such as the number of providers willing to tender for services may affect the Council's ability to deliver the service within budget constraints.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Increases to the national living wage.</p> <p>Recruitment and retention of staff</p> <p>If failure occurs, the Council may remain responsible for ensuring the needs of those receiving the service continue uninterrupted.</p> <p>Providers may go out of business as a result of Covid-19</p> <p>Many sectors under financial pressure due to Covid-19 (reductions in income or increase in expenditure)</p> <p>NEW: Cost pressures due to increasing inflation rate</p>	<p>Vulnerable people do not get the services required or experience disruption in service provision</p> <p>Safeguarding risks</p> <p>Financial implications: Increased cost of alternative provider Increased cost if number of providers are limited</p> <p>Reputational damage</p> <p>NEW: Providers may face short to medium term recruitment issues due to Brexit, or face an increase in costs which is passed on to the Council</p>	Unlikely	Major (18)	<p>Clear contract and procurement measures in place</p> <p>Ongoing review of operating and business models of all key providers and putting further mitigation in place, such as more robust contract monitoring and commissioning some 'enhanced' credit checks</p> <p>CYC investment in extra care OPHs has reduced recruitment pressure</p> <p>Revised SLA with independent care group and quarterly monitoring meetings with portfolio holder</p> <p>Increase in homecare fees to reflect actual cost of care</p> <p>Local policies in place for provider failure</p> <p>Short term financial assistance from Covid-19 pressures through supplier reliefs and government grants to business</p> <p>Ongoing attendance at Independent Care Group Provider Conference</p>	Unlikely	Moderate (13)	New Risks	<p>Latest Market Position Statement (Jamaila Hussein 31/5/22)</p> <p>NEW DATE</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2022**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Director of Commissioning post will improve proactive efforts in market development and market shaping</p> <p>The Council's market position statement is regularly reviewed</p> <p>Adoption of the 'team around the home' approach undertaken jointly with Public Health colleagues, supporting providers (in particular during the pandemic)</p>				

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2022**

KCR 12 MAJOR INCIDENTS: Failure to respond appropriately to major incidents. Local Authorities are required by law to make preparations to deal with emergencies. Local Authorities have four main responsibilities in an emergency 1. to support the Emergency Services, 2. to co-ordinate non-emergency organisations, 3. to maintain their own services through a robust Business Continuity Management process, 4. to facilitate the recovery of the community and 5. since 2013 the council also has a statutory duty to protect the health of the population under the Health and Social Care Act 2012 and the transfer of public health responsibilities to local authorities. The Council must ensure that its resources are used to best effect in providing relief and mitigating the effects of a major peacetime emergency on the population, infrastructure and environment coming under its administration. This will be done either alone or in conjunction with the Emergency Services and other involved agencies, including neighbouring authorities.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>An uncoordinated or poor response to a major incident such as:</p> <ul style="list-style-type: none"> Flood Major Fire Terrorist Attack Pandemic Local lockdown due to Covid-19 <p>Failure to protect citizens from the adverse impacts of climate change</p>	<p>Serious death or injury</p> <p>Damage to property</p> <p>Reputational damage</p> <p>Potential for litigation</p> <p>Potential for corporate manslaughter charges if risks are identified and proposed actions not implemented</p> <p>Reduction in life expectancy</p>	Probable	Catastrophic (24)	<p>Emergency planning and Business Continuity Plans in place and regularly reviewed</p> <p>Strong partnerships with Police, Fire, Environment Agency and other agencies</p> <p>Support to Regional Resilience forums</p> <p>Support and work in partnership with North Yorkshire local resilience forums</p> <p>Investment in Community Resilience (re Flooding)</p> <p>Work with partners across the city to minimise the risk of a terrorist attack</p> <p>Implemented physical measures for certain events</p> <p>Review of city transport access measures</p>	Possible	Major (19)	New actions	<p>Ongoing action: Regular review of emergency and business continuity plans (Neil Ferris, 31/3/22)</p> <p>Improvements to enhance flood protection (The Environment Agency)</p>

**ANNEX A
KEY CORPORATE RISK REGISTER AT JANUARY 2022**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Development of the local outbreak control plan and a variety of internal recovery strategies</p> <p>NEW: Outbreak Management Advisory Board in place with overview of city response to COVID-19 pandemic</p> <p>NEW: Local outbreak prevention, management and response in place</p> <p>Climate change mitigation and adaptation program</p> <p>NEW: Regular review and reporting of carbon emissions</p> <p>NEW: Carbon reduction and climate change action plan regular updates to PH/CMT</p> <p>NEW: Communications to citizens about steps they can take to reduce impact of climate change (</p> <p>NEW: Sustainability leads group to encourage city partners to work together to reduce impact of Climate change</p> <p>NEW: Communications incident management plans, including outbreak</p>				

Analysis of Key Corporate Risk 12: Response to Major Incidents

1. This Annex provides a more detailed analysis of KCR12 – Response to Major Incidents.
2. The description of this risk is as follows: **MAJOR INCIDENTS: Failure to respond appropriately to major incidents**

The Local Authorities are required by law to make preparations to deal with emergencies. Local Authorities have four main responsibilities in an emergency

- To support the Emergency Services,
 - To co-ordinate non-emergency organisations,
 - To maintain their own services through a robust Business Continuity Management process
 - To facilitate the recovery of the community.
 - Since 2013 the council also has a statutory duty to protect the health of the population under the Health and Social Care Act 2012 and the transfer of public health responsibilities to local authorities.
3. The Council must ensure that its resources are used to best effect in providing relief and mitigating the effects of a major peacetime emergency on the population, infrastructure and environment coming under its administration. This will be done either alone or in conjunction with the Emergency Services and other involved agencies, including neighbouring authorities.

Risk Detail

4. An uncoordinated or poor response to a major incident such as:
 - Flood
 - Major Fire
 - Terrorist Attack
 - Pandemic e.g. COVID-19 or InfluenzaFailure to protect citizens from the adverse impacts of climate change

Implications and Consequence

5. The Civil Contingencies Act of 2004 establishes a clear set of roles and responsibilities for those involved in emergency preparation and response at the local level and divides local responses into 2 categories, imposing a different set of duties on each.
6. Those in Category 1 are the organisations at the core of the response to most emergencies (the emergency services, local authorities, NHS bodies). Category 1 responders are subject to the full set of civil protection duties. They will be required to:
 - assess the risk of emergencies occurring and use this to inform contingency planning
 - put in place emergency plans
 - put in place business continuity management arrangements

Annex B KCR 12 Response to Major Incidents

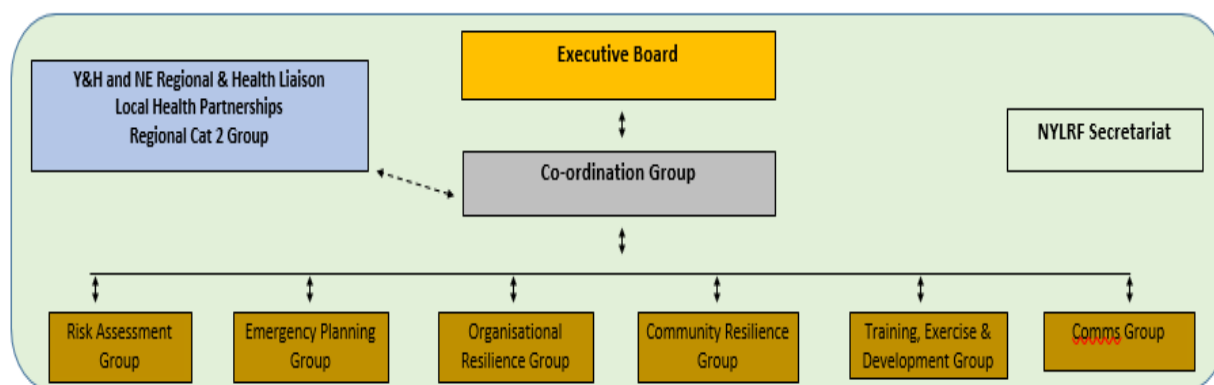
- put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency
 - share information with other local responders to enhance co-ordination
 - co-operate with other local responders to enhance co-ordination and efficiency
 - provide advice and assistance to businesses and voluntary organisations about business continuity management (local authorities only)
7. Category 2 organisations (the Health and Safety Executive, telecommunications, transport and utility companies etc.) are 'co-operating bodies'. They are less likely to be involved in the heart of planning work, but will be heavily involved in incidents that affect their own sector. Category 2 responders have a lesser set of duties - co-operating and sharing relevant information with other Category 1 and 2 responders.
 8. Category 1 and 2 organisations come together to form 'local resilience forums' (based on police areas) which will help co-ordination and co-operation between responders at the local level."
 9. Other coordinating bodies do not have any duties under the CCA 2004. There are other organisations outside the framework of the Act which are also brought into co-operation with the duty-holders in certain circumstances, such as for example the military.
 10. City of York Council is a Category 1 responder under the Act, planning for reduction in the cause, or measures to control or mitigate the effects of an emergency are a fundamental to and effective response and recovery from disasters failure to plan and prepare could result in death or serious injury, Damage to property, reputational damage, and a reduction in life expectancy. Litigation is a risk to the Authority with a potential for manslaughter if actions are not implemented.

Control Measure and Mitigation

Planning

11. Emergency plans and Business Continuity Plans are in place and reviewed regularly with high priority risks receiving priority attention. A new structure has been adopted within the Local Resilience Forum giving a clear structure for effective governance. Risks are reviewed across the LRF where partner agencies and organisations agree measures of escalation for incident response and a detailed and prioritised work plan.

LRF Structure



Business Continuity

12. Business Continuity (BC) is key to allowing essential services to continue to deliver during an emergency of major incident. This has been more than evident during the last 2 years of the pandemic with continual changes in working arrangements, delivery of goods and supplies and lockdown restrictions. City of York council acted quickly to activate BC plans, anticipating, assessing and adapting as necessary, continuing to provide statutory responsibilities and respond to the challenges of the pandemic along with concurrent incidents.
13. During the pandemic the Internal Audit team have reviewed the process for BC. Recommendations and actions agreed to further improve the BC process, these actions are on target to be addressed by January 2022. This will ensure we capture all the learning from the previous year's incidents and provide clear audit trail of BC activity from activations and changes in the procedure and capture training and exercising events.

Communication

14. The Response to Major and Critical Incidents (RMCI) is a robust procedure to notify all partner agencies of incidents within the area that may cause disruption to services or require a coordinated response. All partner agencies are signed up to receive the alerts.
15. CYC have a variety of agreed platforms to communicate with both internal and external partners. The systems have been further extended during the pandemic and now include wider access for users to work from a variety of locations and settings using a variety of platforms.
16. The CYC communication team are consulted in major incident plans and prepare statements to warn and inform the public, provide advice and reassurance where necessary and also represent the City on the LRF Communications group to ensure messages are coordinated and amplified Countywide.

Partnerships

17. Very strong partnerships and working arrangements are in place and well established with partner agencies including Police, Fire, Ambulance, Health partnerships and surrounding Authorities. Joint Emergency Services interoperability Principles (JESIP) are embedded within all preparation, plans and training to ensure a coordinated response to incidents.

Flooding

18. During the previous two years the York Flood Plan has been fully reviewed and updated to prioritise high risk flood areas of the City and wider area with revised triggers and actions to accommodate the extensive flood defence schemes under construction across the area. This complements the new Strategic flood plan for the LRF area submitted to the Environment Agency in September this year and an ongoing evacuation and Shelter plan for parts of the City currently being undertaken.

Major Fire

19. North Yorkshire fire and rescue are active members of the LRF not only do they chair the risk group and training and exercise group but also take an active part in all other groups at LRF and City level and engage in each training session to ensure risk of fire is addressed. As active members of the Safety Advisory Group all event coordinators are provided with expert advice on fire reduction measures and necessary preventative actions

Terrorist Attack

20. York has a very active Counter Terrorism Tasking Group with a focused and prioritised work schedule, The group includes all aspects of Council services, business and tourism sectors and partner agencies including Counter Terrorism Security Advisors and security specialists, this compliments and dovetails into the York Safety Advisory Groups to ensure local events receive the highest standards of safety and security planning advice available.
21. Public safety at events is paramount to ensure the safety of our communities and visitors Hostile Vehicle Mitigation has been introduced to the higher risk areas of the city to protect high volumes of pedestrians at events such as the St. Nicholas Christmas Market providing reassurance given the increase in the National Security threat level following recent attacks across Europe.

Covid-19 Pandemic Local Outbreak Management and Response.

22. The City has been positive and proactive in dealing with Covid-19 and its effects on the locality over the previous 2 years. From the first identified case in the UK working closely with Public Health England (now renamed UK Health Protection agency) all levels of Command have been engaged in the response with partner agencies at local, County wide, Regional and National level.

Annex B KCR 12 Response to Major Incidents

23. Local Outbreak Management Group, Outbreak management Board, local and regional testing sites have given residents easy access to testing facilities across the City and local track and trace has been ensured residents are given the necessary support.
24. High risk settings such as Care Homes, University, Schools and businesses have also received support and guidance throughout the covid response. The Director of Public Health (DPH) works closely with other partners agencies to assess the level of risk and applies mitigation measures and communication to reduce the impact.
25. CYC was subject to a peer review (LGA Outbreak Management Peer Challenge) a copy is attached

Failure to protect Citizens from climate change –

Reduction in life Expectancy

26. Climate change itself does not fall directly within the Civil Contingencies Act however the consequences of such change in the climate could increase the risk and frequency of incidents of severe weather and flooding. City of York Council have recently appointed Claire Foal as Assistant Director with responsibility for climate change. Regular reviews and reporting of carbon emissions and regular updates on the climate change action plan are given to PH/CMT.
27. Communication to citizens identify steps they can take to reduce climate change impact along with sustainability leads group encouraging City partners to work together to reduce impact

Report by

Steve Ball Emergency Planning Manager

City of York Council

Consultation with

Sharon Stoltz - Director of Public Health

Claire Foale - Assistant Director Policy and Strategy (including Climate Change)

James Gilchrist - Director Transport, Environment and Planning

Neil Ferris - Corporate Director of Place

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KEY CORPORATE RISK REGISTER SUMMARY

Key Corporate Risk	Gross Likelihood	Gross Impact	Gross Score	Net Likelihood	Net Impact	Net Score
KCR1 Financial Pressures	Highly Probable	Major	21	Probable	Major	20
KCR2 Governance	Probable	Major	20	Possible	Major	19
KCR3 Effective and Strong Partnerships	Probable	Major	20	Possible	Moderate	14
KCR4 Changing Demographics	Probable	Major	20	Possible	Major	19
KCR5 Safeguarding	Probable	Major	20	Possible	Major	19
KCR6 Health and Wellbeing	Probable	Major	20	Probable	Moderate	15
KCR7 Capital Programme	Probable	Major	20	Possible	Moderate	14
KCR8 Local Plan	Probable	Major	20	Possible	Major	19
KCR9 Communities	Probable	Major	20	Possible	Major	19
KCR10 Workforce/ Capacity	Probable	Major	20	Possible	Moderate	14
KCR11 External Market Conditions	Unlikely	Major	18	Unlikely	Moderate	13
KCR12 Major Incidents	Probable	Catastrophic	24	Possible	Major	19

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Audit and Governance Committee

21 January 2022

Report of the Director of Governance

Corporate Governance Report

1. Summary

1.1 This report provides Members with updates in respect of:

- Investigatory Powers Commissioner's Office (IPCO) inspection
- Corporate Governance performance indicators update
- Information Commissioners Office (ICO) published decision notices
- Ombudsman cases from last report in October 2021 to 31st December 2021

2. Investigatory Powers Commissioner's Office (IPCO) inspection

2.1 The IPCO carried out their programmed inspection of the council's use of covert surveillance, acquisition of communications data or use of a Covert Human Intelligence Source (CHIS) and our adherence to the relevant laws such as Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2019 (IPA) and all relevant codes of practice on 27th August 2021 by way of a virtual meeting and submission of documents and evidence. The previous inspection was undertaken by way of a questionnaire in December 2018.

2.2 The inspection was conducted by an IPCO inspector with the council's Senior Responsible Officer (SRO) Ms Janie Berry, Director of Governance and Monitoring Officer, Ms Lorraine Lunt, Corporate Governance Team and RIPA Co-ordinator; Ms Cath Murray, Corporate Governance Team and Deputy RIPA Co-ordinator; and Mr Colin Rumford, Head of Regional Investigations, National Trading Standards, Regional Investigations and eCrime Team, and an authorising officer

- 2.3 The council provided supporting documentation, including copies of the several authorisations granted within the inspection period, as requested by the Inspector.
- 2.4 The overall findings from the inspection, endorsed by the Investigatory Powers Commissioner, The Rt. Hon. Sir Brian Leveson, are
- there remains one area of non-compliance from the previous inspection and the two other recommendations were discharged
 - several observations to improve performance
 - The introduction of a specific gatekeeping role to assist authorising officers, and the robust oversight conducted by your SRO, should be applauded.
- 2.5 The SRO and Corporate Governance Team are undertaking the required work and actions to meet the outstanding recommendation and observations from this inspection report.

3. Corporate Governance Performance Indicators Update

- 3.1 The performance indicators report for October to December 2021 for Quarter 3 is not completed until 20th January 2022 which is after the deadline for submitting and publishing this report.
- 3.2 However the internal system configuration changes have now embedded and allows us to continue the development of the new datasets to support the ongoing reporting of corporate governance organisational performance and build on the 41 current corporate governance datasets released onto York Open Data. We have identified a wider set of indicators and datasets which are now in the final stages of development internally and, once completed, will include a regular external publication of information through York Open Data. It will also enable us to provide more graphical presentation of reports to Committee and further updates will be provided in the next Corporate Governance report.
- 3.3 The previous complaints indicators published on York Open Data have already been replaced with three indicators linked to the Council Plan. These are
- IG14da - % of 4Cs Complaints responded to 'In Time' which will be published for the first time on 20th January.
 - IG22a - % of Grade 1 4Cs Complaints responded to 'In Time' – which is available at <https://data.yorkopendata.org/dataset/kpi-ig22a>

- FOI02 - FOI & EIR % Requests responded to In time - (YTD) – which is available at <https://data.yorkopendata.org/dataset/kpi-foi02-01>

4. ICO published decision notices

- 4.1 If someone is unhappy with the response they receive in relation to an FOI, EIR or SAR or if they want to raise a complaint under data protection legislation in relation to the rights of individuals, there is an opportunity to seek an internal review and then to complain to the ICO. The ICO publishes their decision notices and full reports on their website.
- 4.2 For this reporting period, October to December 2021 there were no published decision notices.

5. Ombudsmen cases

- 5.1 Local Government and Social Care Ombudsman (LGSCO) decisions from the last report to Committee in October to 31st December 2021 are shown in Annex 1. There were no Housing Ombudsman Services decisions during this time.
- 5.2 Of the twelve cases determined by the LGSCO, six were closed after the LGSCO's initial enquiries as either out of their jurisdiction or no further action needed. There were six cases that were upheld and five had recommendations and/or remedies and one had no further action for the council as we had already offered a proportionate remedy. Details of the recommendations and /or remedies are shown at Annex 1.
- 5.3 The Corporate Governance Team undertakes ongoing work with the Corporate Management Team, Directorate Management Teams as well as with individual service areas to ensure that we share learning opportunities across the council and to identify areas for improvement from Ombudsmen cases.

6. Consultation

Not relevant for the purpose of this report.

7. Options

Not relevant for the purpose of this report.

8. Analysis

Not relevant for the purpose of this report.

9. Council Plan

- 9.1 The council's corporate governance service 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.

10. Legal Implications

- 10.1 The Council has a duty to comply with the various aspects of complaints, data protection, and privacy and information governance related legislation.

11. Risk Management

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

12. Recommendations

- 12.1 Members are asked:
- 12.1.1 To note the details contained in this report.
 - 12.1.2 To provide any further feedback for future reporting

Contact Details

Author: Lorraine Lunt
Information Governance &
Feedback Team Manager
Telephone: 01904 554145

Chief Officer Responsible for the report:
Janie Berry, Director of Governance

Report
Approved

Date 10 January
2022

Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Annexes

Annex 1 – Ombudsmen decisions

Background Information

Not applicable

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Omb Ref	Directorate	Service Area	Date of Final Decision	Outcome	Summary of Final Decision	Actions	Date Actions Complete
20 014 180	People	Adults	17/11/2021	upheld maladministration and injustice	The Council accepted it was at fault for not reviewing Mr Y's care and support plan earlier given that his support services stopped due to the COVID-19 pandemic. It will apologise, refund the contributions Mr Y paid to the cost of his care in that period and waive the invoices that remain outstanding. It will also pay Mr X £200 for his time and trouble pursuing the matter on Mr X's behalf.	By 17th Dec: 1. apologise for failure to review care and support plan earlier and for any distress caused. 2. Refund the assessed contributions Mr Y paid in March, April and May 2020 (totalling £280.34). 3. Waive the outstanding invoices for the assessed contribution for the period June 2020 to March 2021 (totalling £1033.43). 4. Pay Mr X £200 for his time and trouble pursuing the matter.	actions completed and evidence sent to LGO
21 001 925	Place	Planning & Development	17/11/2021	upheld maladministration no injustice	Mr X complains the Council failed to consult him regarding changes to his neighbour's plans for an extension which will overshadow his home. There was fault by the Council, but this did not cause injustice to Mr X.	N/A	
21 004 166	Place	***	22/11/2021	Closed after initial enquiries - out of jurisdiction	We shall not investigate **** complaint details removed as the Ombudsman concluded information should not be published because the contents risk identifying people involved	N/A	
21 005 049	Place	parks & open spaces	08/11/2021	Upheld: No further action, satisfactory remedy provided by the organisation.	We will not investigate this complaint about the removal of trees from a local park. This is because the Council has already offered a proportionate remedy and there is not enough significant injustice remaining to justify our investigation.	N/A	

21 009 200	People	Adults	22/01/2021	Closed after initial enquiries – no further action.	We will not investigate Mrs B's complaint about the Council's safeguarding investigation into her concerns about her daughter, Ms C, being bullied. This is because there is not enough evidence of fault with the actions taken by the Council to warrant an Ombudsman investigation. It would be reasonable for Mrs B to ask the Information Commissioner's Office (ICO) to consider her complaint about the Council sharing data she believes it should not have shared.	N/A	
21 010 784	Customer & Communities	Council Tax	24/11/2021	Closed after initial enquiries - no further action.	We will not investigate Mr X's complaint that the Council refused to grant a council tax reduction on a property he owns which was empty due to the Covid-19 restrictions. We cannot lawfully question council tax policy or achieve the outcome Mr X wants.	N/A	
21 006 314	People	Adults	24/11/2021	Closed after initial enquiries – out of jurisdiction.	We will not investigate Mrs B's late complaint about the care provided to her father, Mr C. This is because we are satisfied with the actions taken by the Council. There is no good reason to exercise discretion in this case.	N/A	
21 001 476	Place	Waste	25/11/2021	Upheld: maladministration and injustice.	The Council failed to collect Mr B's bulky waste. An apology and payment to Mr B is satisfactory remedy.	Within one month of my decision the Council should pay Mr B £100.	30/11/21 apology provided with confirmation payment will follow 21/12/21 Omb has been updated

19012723	Place	Transport	30/11/2021	Upheld: maladministration and injustice.	Mr C says the Council is at fault for its failure to progress an application to stop up a section of verge on a road which borders his property. He says the Council agreed to progress the application and stopped without good reason. He says this caused him injustice because he incurred expense by arranging surveys and entering into agreements with utility companies. He says the process has also caused him distress and taken a lot of his time. The Council was at fault for administrative errors and a failure to explain its decision making process. It should write to Mr C explaining its reasoning and pay him a sum in recognition of his distress, time and trouble.	Within 2 weeks pay Mr C £500 and within 2 months write to Mr C to explain the rationale behind the decision to withdraw the application by explaining the merits of each of the objections.	14/12/21 apology made and payment arranged
21011910	Customer & Communities	Council Tax	14/12/2021	Closed after initial enquiries – out of jurisdiction.	Mr X complains about the Council's enforcement of a council tax debt whilst he was appealing against their decision. We will not investigate this complaint because there is no evidence of fault by the Council and he has appealed to a Valuation Tribunal.	N/A	
21 011 561	Place	parking	09/12/2021	Closed after initial enquiries – out of jurisdiction.	We will not investigate this complaint about a Penalty Charge Notice. This is because it is reasonable to expect Miss Y to use her right of appeal to challenge the Penalty Charge Notice.	N/A	

21 000 172	People	Adults	15/12/2021	Upheld: maladministration and injustice.	Mr K complained about the Council's handling of his father's care funding. He said it took the Council four months to tell him the outcome of the care assessment. As a result, he said he experienced financial loss as the Council asked him to pay the care charges. He also said this caused him and his father distress. We found the Council at fault for failing to carry out its responsibilities under the Government's COVID-19 Hospital Discharge Guidance. It has agreed to pay Mr K the difference in his father's care home costs and apologise for the distress it caused Mr K and his father.	By the 14th January 2022 Apologise in writing to Mr K to acknowledge the distress he and Mr X experienced as a result of the Council's faults; 2. Pay £9625.33 to Mr K, or directly to the Care Provider. This is the amount equal to the difference in cost between the care homes for the period in which the Council failed to discharge its responsibilities under the Government's Guidance.	
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Agenda Item

Audit and Governance Committee

21 January 2022

Report of the Head of Internal Audit

Internal Audit Plan Consultation

Summary

- 1 The purpose of the report is to seek members' views on priorities for internal audit work for 2022/23.

Background

- 2 Internal audit provides independent and objective assurance and advice on the council's control processes. It helps the organisation to achieve objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 3 Internal audit standards and the council's audit charter require internal audit to draw up an indicative programme of work. The programme must be based on an assessment of risk. In coming to a view on the risks facing the council, the opinions of the Audit and Governance Committee and senior council officers must be taken into account. Consultation with officers will be undertaken over the next two months. The purpose of this report is to seek the committee's views on priorities for audit over the coming year.

2022/23 internal audit work programme

- 4 A new, flexible, approach to audit planning was introduced last year. Under the new approach, an indicative long list is developed at the start of the year. The long-list includes all areas that are likely to be important for audit in the year. However, it is over-programmed (it includes more work than it is possible to complete). Actual work to be undertaken is selected from the long list throughout the year based on an ongoing assessment of risks and priorities. This approach allows us to keep upcoming work under review, to ensure we are targeting audit resources to those areas most needed. It also builds in flexibility, by enabling us to respond quickly to emerging

issues or to commence work on other areas of importance when risks and priorities change. The long list is also kept under review during the year. Potential audits are added or removed as required.

- 5 The indicative programme is informed by a number of factors such as the Council's risk registers, relevant national issues and our wider audit knowledge, including the results of recent audit work. The Council's external auditors are also consulted to avoid possible duplication of work programmes, and to maximise the overall benefit of audit activity. The indicative programme will be presented to the Audit and Governance Committee in April 2022, for approval.
- 6 Internal audit work programmes cover a range of risk areas to ensure that the work undertaken enables Veritau to meet the requirement to provide an overall opinion on the governance, risk management, and control framework operating in the council. We have defined 11 key areas where we require assurance during the course of the year in order to provide that opinion, as follows.
 - Strategic planning
 - Organisational governance
 - Financial governance
 - Risk management
 - Information governance
 - Performance management and data quality
 - Procurement and contract management
 - People management
 - Asset management
 - Programme and project management
 - ICT governance
- 7 Functionally, the indicative programme will be structured into a number of sections, as set out below. In assessing what work is included in each area, consideration is given to the priorities listed at paragraph 6.
 - **Strategic / corporate & cross cutting** – to provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the council.
 - **Technical / projects** – to provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the council as the risks involved could detrimentally affect the delivery of services.

- **Financial systems** – to provide assurance on the key areas of financial risk. This helps provide assurance to the council that risks of loss or error are minimised.
- **Service areas** – to provide assurance on key systems and processes within individual service areas. These areas face risks which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the council if they were to materialise.
- **Other assurance areas** – an allocation of time to allow for continuous audit planning and information gathering, unexpected work, and the follow up of work we have already carried out, ensuring that agreed actions have been implemented by management.
- **Client support, advice & liaison** – work we carry out to support the council in its functions. This includes the time spent providing support and advice, and liaising with staff.

8 Figure 1 includes some initial ideas on areas for consideration for audit in 2022/23. These are included to prompt discussion and are not intended to be a definitive or complete list of areas that could be reviewed. The list includes areas which reflect risks arising from current external factors – for example the Covid-19 pandemic.

9 The committee’s views are sought about areas they consider a priority for audit in 2022/23. This may include particular areas listed in figure 1 that they think should be a high priority (or that may be less important) or any other areas which should be considered for audit.

Figure 1 – Risk areas to consider for Audit in 2022/23

Area	Possible Work
Strategic risks / corporate & cross-cutting	<ul style="list-style-type: none"> • Medium term financial planning and budgeting, budget management, savings plans, commercialisation and investment strategy, financial resilience • Areas of the council’s corporate governance framework (eg schemes of delegation, constitution, complaints process, standards) • Strategic planning (eg policies and procedures, the Council Plan, Covid-19 recovery) • Risk management, disaster recovery plans and insurance arrangements • Performance management and data quality • Partnership working • Procurement and contract management (including supply chain resilience third party risk, due diligence, Modern Slavery Act compliance)

Area	Possible Work
	<ul style="list-style-type: none"> • Ethics and organisational culture • HR and organisational development / workforce planning (eg management and supervision of remote teams, staff wellbeing, recruitment and retention, succession planning, training and development) • Information governance and data protection – compliance, management of information assets, data breach management, data sharing agreements, data storage arrangements, training • Environment, climate change and waste – air pollution, carbon footprint, energy reduction, recycling, electric vehicle usage • Health and safety.
Technical / project risks	<ul style="list-style-type: none"> • IT strategy & governance (such as information security policies, IT risk management, supporting service development and roles and responsibilities) • IT information security (such as server configuration, patch management and operating system configuration) • IT services (such as help desk, incident management and network availability) • Cyber security • Digitalisation / automation • Overall corporate project management arrangements and project risk management • Support and review of specific key projects
Main Financial systems	<ul style="list-style-type: none"> • Payroll/personnel • General ledger, debtors (including debt recovery and enforcement practice), creditors, cash income • Capital accounting and assets • Council Tax/ NNDR & benefits (including review of Covid-19 related grants) • Treasury management
Service related areas	<ul style="list-style-type: none"> • Adult and children’s social care – budget management, workforce planning, case management, placements, referrals and assessments, recruitment & retention, procurement, quality assurance, capacity, contract monitoring, deprivation of liberties • Special Education Needs and Disability (SEND) – EHC plans (processes), planning, working with partners, funding • Public health including management of contracts and management of Covid-19 schemes • Housing strategy, use of temporary accommodation and homelessness • Other risks relating to specific service areas (such as schools, planning, local plan strategy, waste collection)

Area	Possible Work
	<p>and recycling, parking, licensing, community safety, environmental health, economic development, domestic violence strategies)</p> <ul style="list-style-type: none"> • Contract management / client arrangements (eg Explore, YMT) • Building services / housing repairs • York Central

Consultation

- 10 This report is part of the ongoing consultation with stakeholders on priorities for internal audit work in 2022/23.

Options

- 11 Not relevant for the purpose of the report.

Analysis

- 12 Not relevant for the purpose of the report.

Council Plan

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

Implications

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

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

Risk Management Assessment

15 The council will fail to comply with proper practice if appropriate officers and members are not consulted on the content of risk based audit plans.

Recommendations

16 Members are asked to;

- Comment on the priorities for internal audit work for 2022/23.

Reason

To ensure that scarce audit resources are used effectively.

Contact Details

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Chief Officer Responsible for the report:

Janie Berry
Director of Governance
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**Report
Approved**



Date 12/01/2022

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

None

Annexes

None



Agenda Item

Audit and Governance Committee

21 January 2022

Report of the Head of Internal Audit

Counter Fraud Framework Update

Summary

- 1 This report provides an update to the committee following the annual review of the counter fraud framework. It includes updates to the counter fraud and corruption policy, counter fraud strategy action plan, and to the fraud risk assessment. It also includes a brief summary of national and local trends in counter fraud.

Background

- 2 Fraud remains a serious risk to the public sector in the UK. When fraud is committed against the public sector, money is diverted from public services into the hands of criminals. Fraudsters are constantly refining their tactics and techniques in order to circumvent the checks and controls put in place to prevent fraud from occurring. In order to protect income and assets public sector bodies must continuously develop their counter fraud measures to meet evolving threats. As part of the counter fraud service provided to the council, Veritau conducts an annual review of the counter fraud framework. This report presents the outcome of the latest review.

Counter Fraud Framework Review

- 3 Annex 1 presents the outcomes from the latest review of the counter fraud framework.

Consultation

- 4 Not relevant for the purpose of the report.

Options

- 5 Not relevant for the purpose of the report.

Analysis

- 6 Not relevant for the purpose of the report.

Council Plan

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

Implications

- 8 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

- 9 The council will fail to comply with proper practice if counter fraud and corruption arrangements are not reviewed periodically.

Recommendations

- 10 Members are asked to;
- comment on the updated Counter Fraud and Corruption policy at appendix C of annex 1, prior to approval by officers
 - note the updated Fraud Risk Assessment and Counter Fraud and Corruption Strategy action plan at appendices A and B of annex 1

Reason

In accordance with the committee's responsibility for assessing the effectiveness of the Council's counter fraud arrangements.

Contact Details

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**Report
Approved**



Date

12 January
2022

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

None

Annexes

Annex 1 – Counter fraud framework report

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COUNTER FRAUD FRAMEWORK REPORT

21 January 2022



Annex 1

Assistant Director Corporate Fraud:
Jonathan Dodsworth

Head of Internal Audit:
Max Thomas



INTRODUCTION

- 1 Fraud is a significant risk to the UK public sector. Losses to local government due to fraud results in less funding for public services. It is estimated that the cost of fraud against local authorities is as much as £7.8 billion annually.¹ An estimated 40% of all crime committed in the UK is categorised as fraud.²
- 2 To effectively combat fraud the council needs to have a counter fraud framework that helps it prevent, detect and deter fraud. And counter fraud work needs to continuously develop to address the ongoing emergence of new techniques being developed by fraudsters.



NATIONAL PICTURE

- 3 Local authorities have been responsible for the administration of a number of schemes designed to support businesses and the public during the pandemic. No reports into the level of loss found in local authority administered schemes have been published, but the Department for Business, Economy and Industrial Strategy (BEIS) conclude that as councils deal with fraud on a day to day basis that they will have been more equipped to deal with fraud arising from these schemes.³
- 4 The Covid-19 pandemic has created additional opportunities for fraudsters to attack public sector organisations, private businesses, and members of the public. In March 2021, the National Audit Office (NAO) reported a significant rise in the risk of fraud and error due Covid-19.⁴
- 5 The government has acknowledged the speed with which fraudsters adapt to exploit organisations' weaknesses. To better tackle the evolving threat, an improved national fraud and cybercrime reporting system will be introduced to replace Action Fraud.⁵ Cooperation and intelligence sharing between national and local agencies will help combat fraud.
- 6 Cybercrime remains a significant risk to all organisations, public and private. High profile attacks across the UK and worldwide have continued throughout the pandemic, and cybercriminals have shown disregard for the effects of their actions. An attack in the United States on the Colonial Pipeline Company in May 2021 stemmed from a single compromised password and account, and resulted in widespread fuel shortages. The company paid a ransom of over £3 million to recover their systems. This highlights the importance of cybersecurity awareness.
- 7 Supply chain attacks have also become prevalent in the last 12 months. These attacks occur when a software or IT supplier is targeted and criminals use the knowledge they gain to attack the end users of the company's software. A successful attack on a supplier can create an

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill

² Public Accounts Committee Report – Fraud and Error, June 2021, HM Government

³ Public Accounts Committee Report – Fraud and Error, June 2021, HM Government

⁴ Economic Crime Plan 2019-22 HM Government

⁵ Beating Crime Plan 2021

impact on large numbers of organisations who use that supplier's product. The EU Agency for Cybersecurity (ENISA) released a report that estimated that there would be a fourfold increase in supply chain attacks in 2021 versus the previous year. They analysed twenty-four attacks that occurred in 2020 and the first half of 2021 and concluded that the aim of the majority of attacks was to "gain access to data (predominantly customer data, including personal data and intellectual property)."⁶ Councils hold significant amounts of personal data and are thus an attractive target for the criminal organisations that undertake these attacks. It's essential that oversight of organisational ICT infrastructure is maintained to ensure controls remain up to date and able to reduce the impact of emerging threats.



LOCAL PICTURE

- 8 The council has been responsible for administering a range of support payments to business and residents during the Covid-19 pandemic. Robust application processes and verification checks were established to minimise the impact of fraudulent attempts to claim funds. Veritau have supported the council through investigation of suspected fraudulent claims. The counter fraud team also liaises with external agencies such as the National Anti-Fraud Network, and National Investigation Service to help identify potential fraud and contribute to central investigation of organised crime. This work has continued throughout 2021/22.
- 9 Raising fraud awareness with staff is key to identifying and tackling fraud. Veritau continue to engage staff and investigate reported allegations of fraud. The team has recently delivered training to staff in social care, and a number of sessions are planned for officers in housing. Work has also continued on raising awareness of the whistleblowing policy. In 2021, 189 officers accessed whistleblowing training via an online eLearning course. Wider activity to raise awareness of fraud issues has continued, for example recent campaigns to mark Cyber Security Awareness Month in October and International Fraud Awareness Week in November. International Anti-Corruption Day in December provided an opportunity to inform staff on how to identify and report bribery and money laundering concerns.



FRAUD RISK ASSESSMENT

- 10 Veritau completes an annual Fraud Risk Assessment, designed to identify the areas of fraud that present the greatest risk to the council. The risk assessment is informed by national and regional reports of fraud affecting local authorities, fraud reported to and investigated by the counter fraud team, and changes in process and the operating environment. The results of the assessment are used to:
 - develop or strengthen existing fraud prevention and detection measures

⁶ Threat Landscape for Supply Chain Attacks, ENISA, July 2021

- revise the counter fraud policy framework
- focus future counter fraud and audit work.

- 11 An updated fraud risk assessment is contained in appendix A, below.
- 12 Covid-19 related grant fraud has been downgraded following the end of higher value grant schemes seen in 2020/21. New grant funding is still being announced – for example grants to support hospitality and leisure businesses announced in December 2021 in response to the Omicron variant. However, resources made available by central government for pre-payment verification checks; and the council’s experience gathered from administering previous payments will help mitigate fraud risks. Work is also taking place as part of the National Fraud Initiative (NFI) which should help to identify grant fraud. The latest NFI exercise includes cross boundary data matches for grants, which have not been previously available to local authorities.
- 13 Theft of assets has also been downgraded from a high risk to a medium risk. This is a result of the easing of Covid-19 related restrictions and increased staff presence at council premises. Although we are continuing to review the situation as the council responds to increasing Covid-19 infections as a result of the Omicron variant of the virus.
- 14 The risk assessment will be kept under review so that any significant new or emerging risks can be assessed and addressed.



COUNTER FRAUD FRAMEWORK

- 15 The council has a robust counter fraud framework which includes a counter fraud strategy and associated action plan, a counter fraud policy, a fraud risk assessment, and a number of related policies (e.g. whistleblowing). A review of the framework is conducted annually.
- 16 A new counter fraud and corruption strategy was adopted last year. The strategy sets out the council’s aims for counter fraud work over the next few years. The strategy also includes actions needed to maintain and develop counter fraud arrangements at the council. The associated strategy action plan is reviewed and updated annually. This year’s update is contained in appendix B. It details progress made against last year’s plan and introduces new priorities for the counter fraud team for 2022/23. New objectives this year include:
- rolling out a new anti-bribery policy and raising awareness with officers
 - implementing a new fraud case management system that will make it easier for officers to refer cases to the team and improve recording of fraud cases.
- 17 The Bribery Act 2010 created a number of offences for people who offer or accept bribes. In addition, organisations that fail to prevent these offences from occurring can be found to have broken the law as well – and could face unlimited fines. One of the criteria that a court would use to assess an organisation’s liability is whether it has anti-bribery policies in place

which has been communicated to, and understood by, employees. The review of policies highlighted that the council did not have a specific anti-bribery policy (although issues relating to bribery are covered to some extent in the Employee Code of Conduct and guidance on gifts and hospitality). This has now been rectified; a proposed policy has been drafted and is included in this report for comment by the Audit and Governance Committee (see below).

- 18 A proposed revised version of the Counter Fraud and Corruption Policy is included at appendix C. This has been amended to incorporate a separate Anti-Bribery Policy (at annex B of the policy). Minor amendments have been made to the body of the Counter Fraud and Corruption Policy, to refer to the Anti-Bribery Policy. However, no further changes are proposed as a result of the current review. The committee's views on the updated policy are being sought prior to approval by officers.

Appendix A: Fraud Risk Assessment (January 2022)

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
Adult Social Care Fraud	<p>Fraud within the adult social care system is an area of concern for local authorities. CIPFA reported a 104% increase in the value of social care fraud detected in 2019 compared to the previous year. The average loss for individual cases of fraud detected in this area was £29k.</p> <p>Losses can occur through deprivation or non-declaration of capital which can involve the transfer or disguise of property in order to avoid paying for residential or domestic care provision. Further fraud occurs through the misuse of the Direct Payment scheme, where monies allocated to meet a customer's assessed needs are not then used to procure these services. Residential homes could also continue to claim for customers who are no longer in residence (e.g. after they pass away).</p> <p>Services may have been impacted during the pandemic. Care</p>	<p>Applications for care funding are carefully assessed to ensure that recipients meet the eligibility criteria and that any financial contribution for care by the customer is correctly calculated.</p> <p>Use of Direct Payments is monitored by council officers who check for possible false claims and overstated needs.</p>	High	<p>The Counter Fraud Team (CFT) has established relationships with officers responsible for assessments and payments; concerns are regularly reported to the CFT for investigation. The CFT will continue to deliver a rolling programme of fraud awareness to staff with responsibilities for assessment and payments.</p> <p>The CFT is currently undertaking a project with Income Services to provide additional verification of financial information provided as part of applications for care. These checks may help identify fraud and error that would not otherwise be detected.</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>payments may have had to be made prior to a full assessment taking place and this could heighten the risk of fraud.</p>			
<p>Council Tax & Business Rates Frauds (discounts and exemptions)</p>	<p>Council Tax fraud is a common occurrence. CIPFA report that 66% of all local government related fraud, recorded as part of their annual survey, involved Council Tax or Business Rates payments. Single Person Discount fraud accounted for £28.9m of loss due to fraud in 2019/20 according to the CIPFA survey.</p> <p>Depending on the scheme, there are several ways in which fraud can occur. These include applicants providing false information and recipients failing to notify the council when they no longer qualify.</p> <p>Revenue from Council Tax and Business Rates is a key income stream. Fraud in this area threatens this source of funding.</p>	<p>The council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information be provided on application forms, and visits to properties be undertaken (where necessary).</p> <p>Controls including separation of duties between collection and administration, restriction of access to records, and management oversight of actions such as recovery suppressions help prevent internal fraud and error.</p> <p>Messages reminding residents and businesses to update their circumstances when necessary appear on annual bills issued by the council.</p> <p>The council routinely takes part in the National Fraud Initiative, and</p>	<p>High</p>	<p>The CFT deliver periodic fraud awareness training to staff in revenues and customer services teams about frauds affecting Council Tax and Business Rates.</p> <p>The CFT has developed data matches to detect incorrectly received discounts and exemptions.</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
		periodically undertakes reviews of single person discounts.		
Council Tax Support Fraud	<p>Council Tax Support (CTS) is a council funded reduction in liability introduced in 2013 to replace Council Tax Benefit. Unlike its predecessor, it is resourced entirely through council funds. CIPFA's latest fraud tracker showed the value of CTS fraud detected in 2019 was £4.9m.</p> <p>Frauds in this area can involve applicants failing to declare their total assets, correct household composition or household income. Those receiving support are also required to notify relevant authorities when they have a change in circumstances that may affect their entitlement to support.</p> <p>The Department for Work and Pensions have reported an increase in fraud within the Universal Credit system during 2020/21 as a result of Covid-19. As CTS claims are generally linked to Universal Credit claims there is likely to be an associated increase in CTS fraud</p>	<p>The council undertakes eligibility checks on those who apply for support. There are established lines of communication with the Department for Work and Pensions (DWP) where claims for support are linked to externally funded benefits.</p> <p>The council is able to report Housing Benefit and other benefit frauds to the DWP but this does not necessarily allow the council control over resolving false claims for CTS.</p>	High	<p>The CFT routinely raise awareness of fraud with teams involved in processing claims for CTS.</p> <p>Concerns of fraud are reported to the CFT who determine if criminal investigation is required. The CFT can undertake joint working with the DWP where it is mutually beneficial (e.g. joint claims for benefit).</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>against the council.</p> <p>Fraudulently obtained CTS represents a direct loss of council funds.</p>			
Creditor Fraud	<p>A range of frauds can be committed against the council in this area, sometimes as a result of publically available creditor payment data. Criminals undertaking these types of fraud are often found to be operating from overseas.</p> <p>The most common issue is mandate fraud (aka payment diversion fraud) where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in bank details. Other types of fraud in this area include whaling, where senior members of the council are targeted and impersonated in order to obtain fraudulent payments.</p> <p>In recent years there have been increased instances nationally of hackers gaining direct access to email accounts of suppliers and</p>	<p>The council has a number of controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests to change supplier details.</p> <p>Segregation of duties exist between the ordering, invoicing and payments processes.</p>	High	<p>The CFT undertake fraud awareness training for payments staff. Increased awareness provides a greater chance to stop fraudulent attempts before losses occur.</p> <p>All instances of whaling fraud reported to the CFT are reported to the relevant agencies, such as the National Cyber Security Centre, as well as directly to the email provider from which the false emails originated.</p> <p>The counter fraud team share intelligence on any attempted frauds occurring nationally to help prevent losses.</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>then attempting to perpetrate mandate frauds. These attempts are much more difficult to detect and prevent.</p> <p>With increased remote working due to Covid-19, there have been increased opportunities for fraudsters to impersonate budget holders or suppliers in electronic communications to divert funds.</p>			
Cybercrime	<p>Cybercrime is a constantly evolving area where criminals are continually refining their techniques in order to overcome controls put in place to protect organisations, to obtain unauthorised access and information, and to frustrate systems.</p> <p>Types of cybercrime experienced by local authorities in recent years include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds or systems access/data which could impact service delivery to residents.</p>	<p>The council has a highly skilled ICT department which helps mitigate the threat of cybercrime.</p> <p>In 2021 the ICT department instituted new password requirements for staff which has strengthened cybersecurity within the council.</p> <p>The ICT department use filters to block communications from known fraudulent servers and they encourage staff to raise concerns about any communications they do receive that may be part of an attempt to circumvent cybersecurity controls.</p>	High	<p>Raising awareness with staff can be crucial in helping to prevent successful cyberattacks. The CFT works with ICT to support activities on raising fraud awareness. A fraud awareness campaign was undertaken in October 2021 as part of cybersecurity awareness month. Cybercrime awareness is also included as part of all other fraud awareness training provided by the CFT to specific teams.</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>There have been a number of high profile cyber-attacks on public and private sector organisations in recent years. Attacks stemming from the hacking of software or IT service providers have become more prevalent. These are known as supply chain attacks and are used by hackers to target the end users of the software created by the organisations targeted.</p>			
Procurement Fraud	<p>Procurement fraud has been perceived as a high risk by local authorities in the CIPFA fraud tracker for a number of years.</p> <p>Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. The Competition and Markets Authority (CMA) estimates that having a cartel within a supply chain can raise prices by 30% or more.</p> <p>CIPFA reported losses of £1.5m in 2019/20 for local authorities, due to procurement fraud. It found that 8% of fraud detected in this area involved 'insider fraud'.</p>	<p>The council has established Contract Procedure Rules. The rules are reviewed regularly and ensure the requirement for a competitive process (where required) through an e-tender system. A team of procurement professionals provide guidance and advice to ensure procurement processes are carried out correctly.</p> <p>A tendering and evaluation framework is in operation to help prevent fraud. It also sets out the requirements for declarations of interest to be made.</p>	High	<p>Continued vigilance by relevant staff is key to identifying and tackling procurement fraud. The CFT provide training to raise awareness of fraud risks, and investigate any suspicions of fraud referred.</p> <p>The CFT and internal audit monitor guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies.</p> <p>Internal audit regularly undertake procurement themed audits which help to</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
				ensure processes are up to date and being followed correctly.
COVID-19 related fraud	<p>Throughout the Covid-19 pandemic local authorities have been responsible for providing support to businesses and residents. The council has had to respond quickly to deliver a number of support schemes in the past two years. New processes for verifying applications had to be implemented very quickly.</p> <p>These schemes have been subject to attempted fraud at a local, national and international level due to the significant amount of funding available.</p> <p>While funding was provided by central government, the council was charged with the responsibility of identifying genuine applicants and investigating and recovering incorrect payments.</p>	<p>Over the course of the past two years the council has developed robust processes to identify fraudulent applications for support. This included use of national data matching resources.</p> <p>Government mandated post-assurance activities have been undertaken to review the success of controls in place.</p>	Medium (previously High)	<p>Suspected fraud cases have been investigated by the CFT. Where payments were found to have been fraudulently or incorrectly made a recovery process was instigated.</p> <p>The CFT has shared details of all known frauds occurring regionally and nationally.</p> <p>Veritau conducted a post-event assurance exercise at the end of 2020/21 which reviewed payments to businesses made during the first lockdown period. The exercise concluded that the vast majority of payments sampled had been made correctly and in line with government guidance.</p> <p>The CFT still has a number of investigations ongoing and the results of a National Fraud Initiative data matching</p>

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
				exercise are being reviewed. A further National Fraud Initiative exercise is being conducted in early 2022.
Internal Fraud	<p>There are a range of potential employee frauds including falsifying timesheets and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on council time. Some staff have access to equipment and material that may be misused for private purposes.</p> <p>Payroll related fraud can involve the setting up of 'ghost' employees in order to divert salary payments to others.</p> <p>Corruption and bribery is a significant risk to all public sector organisations, however only low levels have ever been detected.</p>	<p>The council introduced a new whistleblowing policy in 2020, which can be used to raise suspicions of fraud. Work has continued over the last year to raise awareness of the policy.</p> <p>A new anti-bribery policy is being introduced (a draft is included in this report).</p> <p>Controls are in place surrounding flexitime, annual leave and sickness absence.</p> <p>Participation in the National Fraud Initiative helps the council identify potential cases of internal fraud.</p>	Medium	<p>The CFT investigates any suspicions of fraud or corruption. Internal audit also undertake work to ensure that appropriate checks and balances are in place to help prevent and detect internal fraud and corruption.</p> <p>Work will be undertaken in 2022 to raise awareness of the new anti-bribery policy.</p>
Recruitment Fraud	Recruitment fraud can affect all organisations. Applicants can provide false or misleading information in order to gain employment such as bogus	The council has controls in place to mitigate the risk of fraud in this area. DBS checks are undertaken where necessary.	Medium	Where there is a suspicion that someone has provided false information to gain employment, the CFT will be consulted on possible criminal

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	employment history and qualifications or providing false identification documents to demonstrate the right to work in the UK.	Additional checks are made on applications for roles involving children and vulnerable adults.		action in tandem with any disciplinary action that may be taken.
Theft of Assets	<p>The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services. The council owns large numbers of physical items, such as IT equipment, vehicles and tools.</p> <p>The reduction of staff at council premises during the Covid-19 outbreak increased the risk of theft. This risk has started to reduce as restrictions lift and staff return to the office.</p>	<p>Specific registers of physical assets (e.g. capital items, property and ICT equipment) are maintained.</p> <p>The council's whistleblowing arrangements provide an outlet for reporting concerns of theft.</p>	Medium (previously High)	Members of staff should also be vigilant and report all possible thefts promptly to the Police and CFT.
Blue Badge & Parking Fraud	<p>Blue Badge fraud carries low financial risk to the authority but can affect the quality of life for disabled residents and visitors. There is a risk of reputational damage to the council if abuse of this scheme is not addressed.</p> <p>Other low level parking fraud is</p>	Measures are in place to control the issue of blue badges. The council also participates in the National Fraud Initiative which flags badges issued to deceased users, and badge holders who have obtained a blue badge from more than one authority, enabling their recovery to prevent misuse.	Low	Periodic proactive days of action between the CFT and the council's enforcement team are used to raise awareness and act as a deterrent to blue badge misuse.

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	relatively common. For example misuse of permits to avoid parking charges.	The CFT and Parking Enforcement work closely together to identify, deter and investigate parking fraud. Warnings are regularly issued to people who misuse parking permits and blue badges. Serious cases are considered for prosecution.		Suspected fraud is reported to the CFT who can investigate any criminal misuse.
Fraudulent Insurance Claims	The council may receive exaggerated or fabricated insurance claims. CIPFA's 2019/20 report estimated that insurance fraud cost local government £3.9m.	While insurance fraud is common, the burden of risk is currently shouldered by the council's insurers who have established fraud investigation systems.	Low	n/a
Treasury Management	While the impact of losses in this area could be significant, the likelihood is low. There have been no recorded frauds at the council.	Treasury Management systems are well controlled and no fraud has been detected in this area.		Internal audit undertake periodic reviews of the controls in this area.

APPENDIX B: COUNTER FRAUD STRATEGY ACTION PLAN

Veritau have responsibility for maintaining, reviewing, and strengthening counter fraud arrangements at the council. This includes annual review of the council’s counter fraud and related policies, the counter fraud strategy, and fraud risk assessment.

We have also introduced a number of other actions which will continue going forward, including:

- a rolling programme of fraud awareness training for officers based on priorities identified through the fraud risk assessment and any emerging issues
- regular reporting of counter fraud activity to Audit and Governance Committee
- local datamatching exercises to identify potential fraud in areas such as council tax and NNDR, and housing.

New development activity:

Ref	Action Required	Target Date	Responsibility	Notes
1	Introduce a new Anti-Bribery Policy; undertake work to raise awareness of the policy.	December 2022	Veritau	A new policy has been drafted, and is included as part of the current report for comment by the Audit and Governance Committee. Once approved, work will be undertaken by the Counter fraud Team to raise awareness of the policy.
2	Continue to work with council officers to ensure the council meets Government guidance on new Covid-19 grant payments as well as any checks relating to previously issued grants.	April 2022	Veritau	The council is currently preparing to issue new Omicron grants in January 2022. The counter fraud team will assist the council to ensure that funds are issued to business that meet the requirement of the scheme. The counter fraud team assisted the council last year in

Ref	Action Required	Target Date	Responsibility	Notes
				undertaking post-assurance checks on Covid-19 grants issued during the first lockdown. The government may require further post-assurance exercises in 2022/23.
3	Trial the use of financial checks to enhance the robustness of social care financial assessments.	October 2022	Veritau / Income Services	The counter fraud team is working with Income Services to trial the use of additional financial checks to detect and prevent fraud and error.
4	Implementation of a new counter fraud system.	May 2022	Veritau	The team is in the process of implementing a new IT system that will enhance recording of investigation work and streamline processes for fraud referrals. The system will improve management information on fraud and make it easier for officers to refer cases.

Completed activities:

Ref	Action Required	Responsibility	Update
1	Undertake post assurance checks on grant applicants to the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund Schemes.	Veritau / Revenues Team	Work was completed at the end of 2020/21. The checks found that the vast majority of grants issued by the council were applied for and administered correctly.

Ref	Action Required	Responsibility	Update
			New BEIS guidance has recently been produced on verification requirements for other Covid related grant schemes.
2	Develop communication strategy to publicise counter fraud and corruption news internally.	Veritau / Communications Team	The Counter Fraud Team worked with Communications to develop a regular programme of awareness material based around national and international campaigns (eg cybercrime awareness month and international fraud awareness week). Initial work is complete. Campaigns will continue to run in future years.
3	Ensure that up to date policies are in place to enable the council to undertake covert surveillance under the Regulation of Investigatory Powers Act and employee monitoring outside of the Act.	Veritau / Governance Team	The Governance Team has taken over responsibility for RIPA policy, which was updated in August 2021.
4	Participate in Fighting Fraud and Corruption Locally (FFCL) working groups and explore formation of regional social care network group.	Veritau	Since these actions were set, Veritau has taken on the role of chairing the national FFCL social care fraud working group. Veritau is also a leading member of the regional FFCL group that considers all types of fraud and contributes to the development of the FFCL strategy.

APPENDIX C: COUNTER FRAUD & CORRUPTION POLICY



**COUNTER FRAUD AND
CORRUPTION POLICY**

1 Introduction

- 1.1 All organisations are at increasing risk of fraud and corruption. Some commentators estimate that annual fraud losses to local government in the UK could be £7.8 billion. It is therefore a risk that the council cannot and should not ignore.
- 1.2 Any fraud committed against the council effectively constitutes a theft of taxpayer's money. It is unlawful and deprives the council of resources which should be available to provide services to the public. By putting in place effective measures to counter the risk of fraud and corruption the council can reduce losses which impact on service delivery as a contribution to the achievement of overall council priorities.
- 1.3 This document sets out the council's policy in relation to fraud and corruption perpetrated against it, and its overall arrangements for preventing and detecting fraud. It includes the fraud and corruption prosecution policy contained in annex A, and anti-bribery policy in annex B. It forms part of the council's overall policy framework for combating fraud and corruption and should be read in conjunction with the counter fraud strategy, constitution, the financial regulations, contract procedure rules, the whistleblowing policy, anti-money laundering policy, codes of conduct, and disciplinary procedures.

2 Definitions and Scope

- 2.1 For the purpose of this policy, the term fraud is used broadly to encompass:
 - acts which would fall under the definition in the Fraud Act (2006)
 - anything which may be deemed fraudulent in accordance with the generally held view of fraud as causing loss or making a gain at the expense of someone by deception and dishonest means
 - any offences which fall under the Council Tax Reduction Schemes Regulations (2013) and the Prevention of Social Housing Fraud Act (2013)
 - any act of bribery or corruption including specific offences covered by the Bribery Act (2010)
 - acts of theft
 - any other irregularity which is to the detriment of the council whether financially or otherwise, or by which someone gains benefit they are not entitled to.
- 2.2 This policy does not cover fraud or corruption against third parties, except where there may be an impact on the service provided by the council. In addition, it does not cover other acts – for example offences involving violence - which may affect the council, and which should in most cases be reported directly to the police.

3 Principles

- 3.1 The council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by councillors, officers, customers of its services, third party organisations contracting with it to provide goods and/or services, or other agencies with which it has any business dealings. There is a basic expectation that councillors, employees, and contractors' staff will act with integrity and with due regard to matters of probity and propriety, the requirement to act lawfully and comply with all rules, procedures and practices set out in legislation, the constitution, the council's policy framework, and all relevant professional and other codes of practice.
- 3.2 The council will seek to assess its exposure to risks of fraud and corruption. It will prioritise resources available to prevent and deter fraud in order to minimise this risk.
- 3.3 The council will consider any allegation or suspicion of fraud seriously, from whatever source, and if appropriate will undertake an investigation to confirm whether fraud has occurred and determine the appropriate outcome. Any investigation will be proportionate. The council may refer any incident of suspected fraud to the police or other agencies for investigation, if appropriate.
- 3.4 To act as a deterrent, the council will take action in all cases where fraud (or an attempt to commit fraud) is proved, in proportion to the act committed. This may include prosecution, application of internal disciplinary procedures, or any other action deemed appropriate to the offence (for example referral to a professional body). Employees and councillors are not exempt from potential prosecution or other action if they are found to have committed fraud against the council. Prosecution decisions will be made in accordance with the fraud and corruption prosecution policy (Annex A).
- 3.5 As a further deterrent, and to minimise losses, the council will attempt to recover any losses incurred through civil or legal action. In addition, the council will seek to apply any appropriate fines or penalties, and recover any costs incurred in investigating and prosecuting cases.
- 3.6 The council will not tolerate any form of bribery to or by employees, members, or suppliers. Any act of bribery puts the council at risk of committing a criminal offence. Please see the council's Anti-Bribery Policy which is contained in Annex B.

4 Responsibilities

- 4.1 Overall responsibility for counter fraud arrangements rests with the council's Chief Finance Officer (The Corporate Finance & Commercial Procurement Manager), on behalf of the council. The CFO has a

professional responsibility for ensuring the council has appropriate measures for the prevention and detection of fraud and corruption, which are reflected in legislation.

- 4.2 The Audit and Governance Committee has responsibility for assessing the effectiveness of the Council's counter fraud arrangements including the Whistleblowing policy and other relevant counter fraud policies and plans.
- 4.3 The Council's Management Team (CMT) are collectively responsible for ensuring that the council has effective counter fraud and corruption procedures embedded across the organisation that comply with best practice and good governance standards and requirements.
- 4.4 Veritau (who provide internal audit and counter fraud services to the council) is responsible for reviewing the council's counter fraud and corruption policies on a regular basis and recommending any required changes to those policies. In addition, Veritau leads on fraud prevention and detection issues for the council and is responsible for investigating suspected cases of fraud or corruption. The internal audit team carries out audit work to ensure that systems of control are operating effectively, which contributes to the reduction in opportunities for committing fraud. The Head of Internal Audit is required to report their professional opinion on the council's control environment to members of the Audit & Governance Committee on an annual basis in accordance with proper practice.
- 4.5 All senior managers have a responsibility for preventing and detecting fraud within their service areas. This includes maintenance of effective systems of internal control and ensuring that any weaknesses identified through the work of internal audit or by other means are addressed promptly.
- 4.6 The Monitoring Officer is the council's nominated officer for the purposes of the Money Laundering Regulations (2007), and is responsible for reporting any issues referred to them, in this capacity.
- 4.7 All staff have a general responsibility to be aware of the possibility of fraud and corruption, and to report any suspicions that they may have to Veritau. Where appropriate, staff may use the whistleblowing policy to raise concerns anonymously.
- 4.8 Officers within human resources have a responsibility to support service departments in undertaking any necessary pre-disciplinary investigation and disciplinary process.

5 Overall Counter Fraud Arrangements

Introduction

- 5.1 The purpose of this section is to set out the council's overall framework for countering the risk of fraud and corruption. While the council aims to follow best practice in relation to counter fraud activity⁷, it recognises that new and emerging fraud risks will require a dynamic approach to fraud prevention and detection.

Measurement

- 5.2 The council will assess the potential risks and losses due to fraud and corruption, and will use these to prioritise counter fraud activity, and review the resources available to counter those risks. The review will include an assessment of actual levels of fraud⁸ and the effectiveness of counter fraud activity in reducing losses. The outcome of this review will be reported to the Audit & Governance Committee on an annual basis as part of the audit and fraud planning cycle.

Culture

- 5.3 The council will promote a culture whereby all staff, councillors, service users, and contractors are aware that fraud or corruption in any form is unacceptable. To do this, it will:
- ensure that there are clear arrangements in place for reporting suspicions about potential fraud or corruption, whether that be by staff, councillors, partners, stakeholders, contractors or members of the public
 - investigate reported suspicions and where evidence of fraud or corruption is found will prosecute where appropriate and take any other action necessary in accordance with the financial regulations, contract procedure rules, fraud and corruption prosecution policy, disciplinary procedures, members code of conduct, or any relevant legislation or guidance
 - ensure that the consequences of committing fraud and/or partaking in corrupt practices are widely publicised.

⁷ For example the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

⁸ All suspected fraud should be reported to Veritau. A record of all such information will be maintained on a confidential basis.

Prevention and Detection

Controls

- 5.4 As part of its ongoing operating procedures, the council seeks to ensure that proper systems of internal control are in place. This includes controls to directly prevent and detect fraud, such as separation of duties and management review, along with other procedures such as vetting as part of recruitment processes and systems for declaration of interests and gifts and hospitality. The effectiveness of systems of control are monitored and a formal report is made as part of the process for preparing the annual governance statement. The council maintains a system of internal audit to provide independent review of control systems on an ongoing basis, in accordance with a risk assessment.
- 5.5 Services will be encouraged to consider the risk of fraud as part of the council's risk management process. Any information on risks identified will be used to inform the annual review of counter fraud activity.

Proactive Work

- 5.6 The council will carry out targeted project work (for example data matching exercises) to identify fraud and corruption in known high risk areas. This work will be carried out by Veritau as part of its annual workplan. Work will be prioritised based on a risk assessment as part of the annual review of counter fraud activity. Work may include joint exercises with other agencies, including other local councils.
- 5.7 The council will take part in projects led by other agencies such as the Cabinet Office and the DWP to identify potential fraud e.g. the National Fraud Initiative. Resources will be allocated to follow up all data matches, and will include support through the internal audit and counter fraud teams to review potential control issues and suspected fraud. Veritau will work with service departments to ensure that they are aware of the need to include notices to service users stating that any data held may be subject to use for data matching purposes.

Relationships

- 5.8 The council has established relationships with a number of other agencies. It will continue to develop these relationships and develop new ones to further the prevention and detection of fraud. Organisations which the council will work with include:
- the police
 - the courts
 - the Cabinet Office
 - the Ministry of Housing, Communities and Local Government
 - the Department for Works and Pensions
 - other councils

- community groups.

5.9 Veritau will work with council departments to ensure that systems for reporting and investigating suspected fraud and corruption are robust.

Fraud Awareness Training

5.10 As part of its annual workplan, Veritau will provide targeted fraud awareness training to specific groups of staff, based on its annual risk assessment.

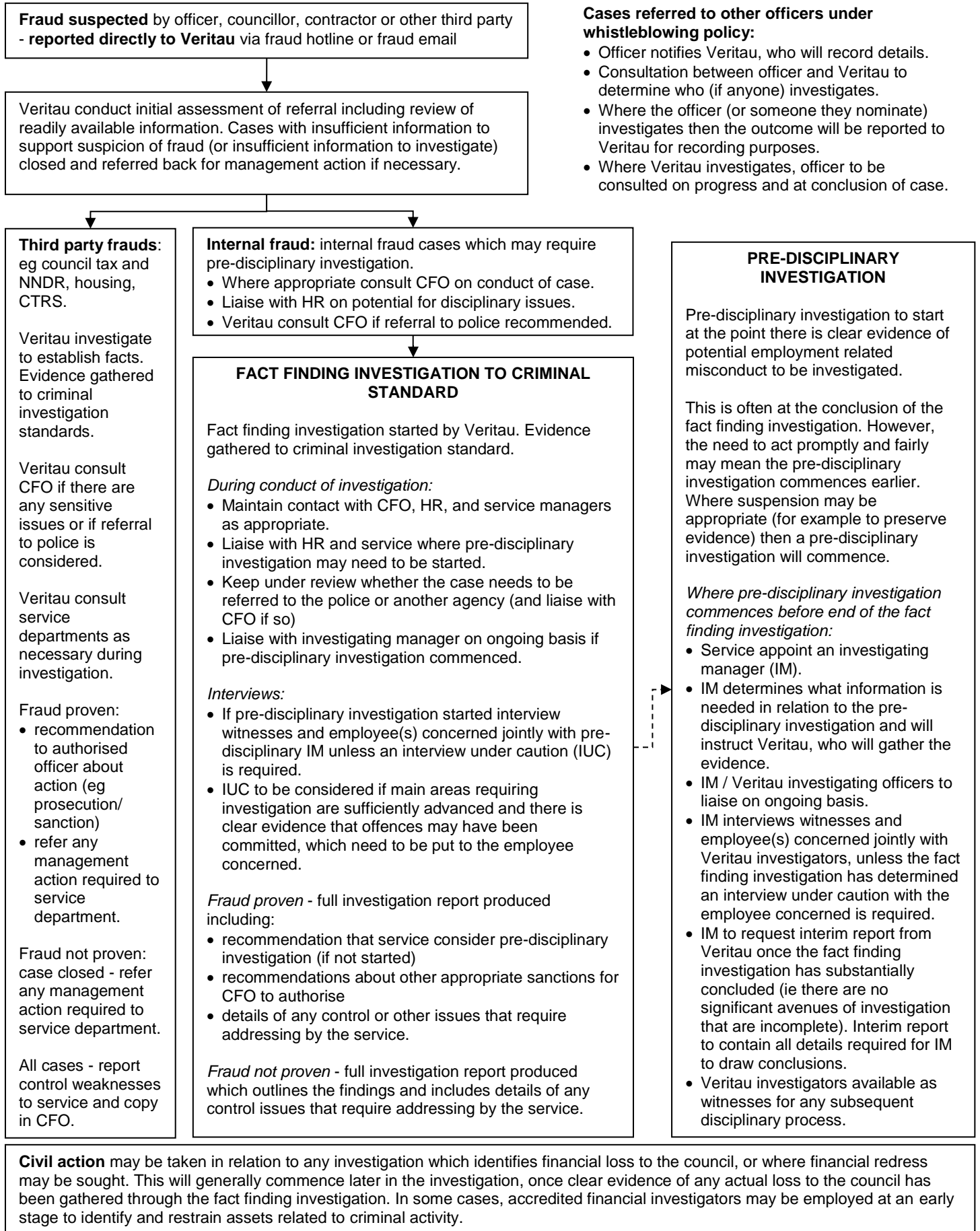
Investigation

5.11 All suspected cases of fraud, corruption, theft or other irregularity will be investigated. The nature of each investigation will depend on the circumstances of each case. Veritau will act as a first port of call for any suspected fraud and will provide advice on whether other agencies should be notified (eg the police). Veritau will determine the extent of the investigation to be carried out in consultation with the Chief Finance Officer, service departments and human resources. Where necessary, Veritau may refer cases to other agencies (for example the police) at the discretion of the Head of Internal Audit. Figure 1 overleaf outlines the fraud referral and investigation process.

5.12 All staff involved in the investigation of fraud will be appropriately trained. They will be required to comply with any relevant legislation and codes of practice. For example the Police and Criminal Evidence Act (PACE), Regulation of Investigatory Powers Act (RIPA), the Data Protection Act, the Criminal Procedures Investigations Act (CPIA) and any relevant guidance from the Attorney General. Investigators will take into account the individual circumstances of anyone involved in an investigation and adjustments to procedure will be made where necessary to ensure that all parties are treated equitably (where it is appropriate and reasonable to do so).

5.13 As part of the outcome of every investigation, a review of any weaknesses in control will be made and if necessary recommendations will be made to address any issues identified. These will be set out in a formal report to the managers of the service concerned, and will be followed up to ensure the issues are addressed.

Figure 1: City of York Council Fraud Referral and Investigation Process



Cases referred to other officers under whistleblowing policy:

- Officer notifies Veritau, who will record details.
- Consultation between officer and Veritau to determine who (if anyone) investigates.
- Where the officer (or someone they nominate) investigates then the outcome will be reported to Veritau for recording purposes.
- Where Veritau investigates, officer to be consulted on progress and at conclusion of case.

- 5.14 The Head of Internal Audit will ensure that systems for investigating fraud are reviewed on an ongoing basis, to ensure that they remain up to date and comply with good practice.

Publicity

- 5.15 The council will publicise all successful prosecutions undertaken either by itself or by partner organisations, to act as a deterrent against future fraud.
- 5.16 In addition, where appropriate, targeted publicity will be used to raise the awareness of fraud to staff, councillors, the public, and other agencies. This will consist of both internal and external publicity and will aim to:
- raise awareness about potential fraud and ensure all stakeholders are alert to the possibilities of fraud;
 - inform all stakeholders of the procedures to be followed if they have suspicions of fraud;
 - ensure that all stakeholders are aware that the council will not tolerate fraud and the consequences of committing fraud against it.

Recovery of Monies

- 5.17 Where any loss has been incurred by the council or additional costs have been incurred as a result of fraud or corruption, the council will seek to recover these from the individual or organisation concerned. This will help to ensure that the financial impact of fraud on the council is minimised and act as a deterrent. As a further deterrent, the council will seek to levy any appropriate fines or penalties where it is possible and desirable to do so.
- 5.18 Methods of recovery may include (but are not limited to):
- recovery from assets held by the organisation or individual (using the Proceeds of Crime Act or any other relevant legislation)
 - bankruptcy where appropriate
 - recovery from future salary payments if an individual remains an employee of the council
 - recovery of pension contributions from employees or councillors who are members of the North Yorkshire Pension Fund.

6 Monitoring & Review Arrangements

- 6.1 The arrangements set out in this policy document will be reviewed on an annual basis as part of the audit and fraud planning cycle and will include the fraud and corruption prosecution policy (annex A) , anti-bribery policy (annex B), and other related guidance. Veritau will work with other departments to ensure that other related guidance and policy (such as the whistleblowing policy) are reviewed on a regular basis and any amendments or necessary changes are approved.

LAST REVIEWED AND UPDATED: January 2022



FRAUD AND CORRUPTION PROSECUTION POLICY

1 Scope and Purpose

- 1.1 The fraud and corruption prosecution policy forms part of the council's overall counter fraud and corruption arrangements. The policy covers all acts, and/or attempted acts, of fraud or corruption committed by officers or councillors, or committed by members of the public, or other organisations or their employees, against the council.
- 1.2 The policy sets out the circumstances in which the council will take legal action against the perpetrators of fraud or corruption. It also sets out the circumstances when it is appropriate to consider alternative courses of action such as offering a caution. The policy does not cover internal disciplinary procedures which are the subject of the council's separate disciplinary policy and procedures.
- 1.3 This policy should be read in conjunction with the council's constitution, financial regulations, contract procedure rules, the counter fraud and corruption policy and the strategy, the whistleblowing policy and the council's disciplinary policy and procedures.
- 1.4 The policy contains specific guidelines for determining the most appropriate course of action when fraud has been identified. Offences other than fraud and corruption (for example those relevant to the enforcement of regulations) are dealt with by the appropriate service departments under other policies and relying on specific legal powers.

2 Principles

- 2.1 The council is committed to deterring fraud and corruption. As part of its overall strategy to do this the council will seek to take appropriate action against anyone proven to have attempted and/or committed a fraudulent or corrupt act against it. The council considers that those guilty of serious fraud or corruption must take responsibility for their actions before the courts.
- 2.2 The policy is designed to ensure that the council acts fairly and consistently when determining what action to take against the perpetrators of fraud or corruption.
- 2.3 Staff and councillors who are found to have committed fraud or corruption may be prosecuted in addition to such other action(s) that the council may decide to take, including disciplinary proceedings in the case of staff and referral to the relevant officer or body in the case of members. Any decision not to prosecute a member of staff for fraud and corruption does not preclude remedial action being taken by the relevant director(s) in accordance with the council's disciplinary procedures or other policies.
- 2.4 This policy is also designed to be consistent with council policies on equalities. The council will be sensitive to the circumstances of each case and the nature of the crime when considering whether to prosecute or not.

- 2.5 The consistent application of the policy will provide a means for ensuring that those who have perpetrated fraud and corruption are appropriately penalised. It will also act as a meaningful deterrent to those who are contemplating committing fraud or corruption. The council recognises the deterrent value of good publicity and therefore information regarding successful prosecutions and sanctions will be made public.
- 2.6 Any decision taken by an authorised officer to prosecute an individual or to offer a formal sanction will be recorded in writing. The reason for the decision being taken will also be recorded.
- 2.7 Irrespective of the action taken to prosecute the perpetrators of fraud and corruption, the council will take whatever steps necessary to recover any losses incurred, including taking action in the civil courts.

3 Prosecution

- 3.1 The policy is intended to ensure the successful prosecution of offenders in court. However, not every contravention of the law should be considered for prosecution. The council will weigh the seriousness of the offence (taking into account the harm done or the potential for harm arising from the offence) with other relevant factors, including the financial circumstances of the defendant, mitigating circumstances and other public interest criteria. All cases will be looked at individually and be considered on their own merit.
- 3.2 To consider a case for prosecution the council must be satisfied that two tests have been passed. Firstly, there must be sufficient evidence of guilt to ensure conviction. This is called the **evidential test**. Secondly, it must be in the public interest to proceed – the **public interest test**.
- 3.3 To pass the evidential test, authorised officers must be satisfied that there is a realistic prospect of conviction based on the available evidence (that is, there must be sufficient admissible, substantial and reliable evidence to secure a conviction).
- 3.4 To pass the public interest test, the authorised officer will balance, carefully and fairly, the public interest criteria against the seriousness of the offence. The public interest criteria include;
- the likely sentence (if convicted);
 - any previous convictions and the conduct of the defendant;
 - whether there are grounds for believing the offence is likely to be repeated;
 - the prevalence of the offence in the area;

- whether the offence was committed as a result of a genuine mistake or misunderstanding;
- any undue delay between the offence taking place and/or being detected and the date of the trial;
- the likely effect that a prosecution will have on the defendant;
- whether the defendant has put right the loss or harm caused.

3.5 It will generally be in the public interest to prosecute if one or more of the following factors applies, subject to any mitigating circumstances;

- the actual or potential loss to the council was substantial;
- the fraud has continued over a long period of time;
- the fraud was calculated and deliberate;
- the person has previously committed fraud against the council (even if prosecution did not result) and/or there has been a history of fraudulent activity;
- the person was in a position of trust (for example, a member of staff);
- there has been an abuse of position or privilege;
- the person has declined the offer of a caution or financial penalty;
- the case has involved the use of false identities and/or false or forged documents.

3.6 Investigating officers and prosecutors will review the appropriateness of pre-charge engagement where prosecution is considered. This is likely to occur where such engagement may lead the defendant to volunteer additional information that may identify new lines of inquiry. Pre-charge engagement may be instigated by the investigating officer, the council prosecutor, the defendant's representative or a defendant themselves (if unrepresented).

4 Mitigating Factors

4.1 The following mitigating factors will be taken into account when determining whether to prosecute;

Voluntary Disclosure

4.2 A voluntary disclosure occurs when an offender voluntarily reveals fraud about which the council is otherwise unaware. If this happens, then the fraud will be investigated but the offender will not be prosecuted unless in

exceptional circumstances. However, any person colluding in the crime will still be prosecuted. A disclosure is not voluntary if the:-

- admission is not a complete disclosure of the fraud;
- admission of the fraud is made only because discovery of the fraud is likely, (for example, the offender knows the council is already undertaking an investigation in this area and/or other counter fraud activity);
- offender only admits the facts when challenged or questioned;
- offender supplies the correct facts when making a claim to Legal Aid.

III Health or Disability

- 4.3 Where the perpetrator (and/or their partner) is suffering from prolonged ill health or has a serious disability or other incapacity then the offender will not normally be prosecuted. Evidence from a GP or other doctor will be requested if the condition is claimed to exist, unless it is obvious to the investigator. It is also necessary to prove that the person understood the rules governing the type of fraud committed and was aware that their action is wrong. This may not be possible where, for instance, the offender has serious learning difficulties. However, simple ignorance of the law will not prevent prosecution.

Social Factors

- 4.4 A wide range of social factors may make a prosecution undesirable. The test is whether the court will consider the prosecution undesirable, and go on to reflect that in the sentence.

Exceptional Circumstances

- 4.5 In certain exceptional circumstances the council may decide not to prosecute an offender. Such circumstances include;
- the inability to complete the investigation within a reasonable period of time;
 - the prosecution would not be in the interests of the council;
 - circumstances beyond the control of the council make a prosecution unattainable.

5 Alternatives to Prosecution

5.1 If some cases are considered strong enough for prosecution but there are mitigating circumstances which cast a doubt as to whether a prosecution is appropriate then the council may consider the offer of a sanction instead. The two sanctions available are;

- a caution, or;
- financial penalty.

Simple Cautions

5.2 A simple caution is a warning given in certain circumstances as an alternative to prosecution, to a person who has committed an offence. All cautions are recorded internally and kept for a period of six years. Where a person offends again in the future then any previous cautions will influence the decision on whether to prosecute or not.

5.3 For less serious offences a simple caution will normally be considered where all of the following apply;

- there is sufficient evidence to justify instituting criminal proceedings;
- the person has admitted the offence;
- there is no significant public interest in prosecution;
- it was a first offence, and;
- a financial penalty is not considered to be appropriate.

Only in very exceptional circumstances will a further caution be offered for a second or subsequent offence of the same nature.

5.4 Cautions will be administered by the Head of Internal Audit (or deputy), Assistant Director – Corporate Fraud, Corporate Fraud Manager, or a Senior Corporate Fraud Investigator, on behalf of the council. If a caution is offered but not accepted then the council will usually consider the case for prosecution. In such cases the court will be informed that the defendant was offered a penalty but declined to accept it.

Financial Penalties

5.5 The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, permit a financial penalty to be offered to claimants as an alternative to prosecution. The penalty is set at 50% of the amount of the excess reduction, subject to a minimum of £100 and a maximum of £1000. Once a penalty is accepted, the claimant has 14 days to change their mind.

5.6 Subject to the criteria set out in the guidelines below, a financial penalty will normally be offered by the council in the following circumstances;

- the council believes that there is sufficient evidence to prosecute;
- it was a first offence or a previous offence was dealt with by way of a caution, and;
- in the opinion of the council, the circumstances of the case mean it is not overwhelmingly suitable for prosecution, and;
- the claimant has the means to repay both the overpayment and the penalty, and;
- there is a strong likelihood that both the excess reduction and the penalty will be repaid.

5.7 It is important to note that the claimant does not need to have admitted the offence for a financial penalty to be offered. Financial penalties will be administered by the Head of Internal Audit (or deputy), Assistant Director – Corporate Fraud, Corporate Fraud Manager or a Senior Corporate Fraud Investigator. If a financial penalty is not accepted or is withdrawn then the council will usually consider the case for prosecution. In such cases the court will be informed that the defendant was offered a penalty but declined to accept it.

6 Proceeds of Crime Act 2002 (POCA)

6.1 In addition to the actions set out in this policy, the council reserves the right to refer all suitable cases for financial investigation with a view to applying to the courts for restraint and/or confiscation of identified assets. A restraint order will prevent a person from dealing with specific assets. A confiscation order enables the council to recover its losses from assets which are found to be the proceeds of crime.

7 Implementation Date

7.1 This revised policy is effective from 21 February 2021 and covers all decisions relating to prosecutions and sanctions after this date.

POLICY LAST REVIEWED AND UPDATED: January 2022



ANTI-BRIBERY POLICY

1 Introduction

- 1.1 The Bribery Act 2010 enables robust action to be taken against all forms of bribery. The council is committed to protecting the public purse and the services it provides from being abused. The council will not tolerate bribery and promotes the prevention, detection and deterrence of bribery.
- 1.2 Bribery is defined as the offering, giving, receiving or soliciting of any item of value to influence the actions of an official or other person in charge of a public or legal duty. The act of bribery is the intention to gain a personal, commercial, regulatory or contractual advantage.
- 1.3 Facilitation payments are unofficial payments made to public officials to secure or expedite actions. These are not tolerated and are illegal.
- 1.4 This policy should be read in conjunction with the Employee Code of Conduct which deals with gifts and hospitality.

2 Principles

- 2.1 The council is committed to the prevention, deterrence and detection of bribery.
- 2.2 The council commits to:
 - making all employees and associated people (eg agency staff and volunteers) aware of their responsibilities to adhere strictly to this policy at all times
 - training members of staff so that they are aware of the Bribery Act
 - encouraging all employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately
 - rigorously investigating instances of alleged bribery and assist the police and other authorities in any investigations or prosecutions they undertake
 - taking strong action against any individual(s) involved in bribery.

3 Scope

- 3.1 This policy applies to all of the council's activities, members of staff (permanent and temporary), agency staff, volunteers, consultants, and councillors.
- 3.2 For partners, joint ventures, and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

- 3.3 All employees and councillors are required to:
- raise concerns as soon as possible if it is believed or suspected that this policy has been breached or may be breached in the future
 - comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the council operates, in respect of the lawful and responsible conduct of activities.
- 3.4 As well as the possibility of civil and criminal prosecution, employees breaching this policy will face disciplinary action, which could result in dismissal in cases of gross misconduct.

4 Offences

- 4.1 There are four key offences under the Bribery Act 2010.

Section 1 – Offence of bribing another person

- 4.2 This section makes it an offence when a person offers, promises or gives a financial or other advantage to another person and intends the advantage to induce a person to perform improperly a relevant function or activity or to reward a person for the improper performance of such a function or activity.
- 4.3 It is also an offence when a person offers, promises or gives a financial or other advantage to another person and knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.

Section 2 – Being bribed

- 4.4 This section makes it an offence when a person requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly.
- 4.5 It is an offence when a person requests, agrees to receive or accepts a financial or other advantage and the request, agreement or acceptance itself constitutes the improper performance of the person of a relevant function or activity.
- 4.6 It is an offence if a person requests, agrees to receive or accepts a financial or other advantage as a reward for the improper performance of a relevant function or activity.
- 4.7 It is also an offence if a person in anticipation of or in consequence of the person requesting, agreeing to receive or accepting a financial or other advantage, a relevant function or activity is performed improperly.

Section 6 – Bribery of foreign public officials

- 4.8 Under this section of the Act an offence is committed when a person intends to influence a foreign official in their official capacity and intends to obtain or retain business or an advantage in the conduct of business.
- 4.9 It is also an offence to offer, promise or give any financial or other advantage to a foreign public official.

Section 7 – Failure of a commercial organisation to prevent bribery

- 4.10 A relevant commercial organisation is guilty of an offence if a person associated with the organisation bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation and the organisation fails to take reasonable steps to implement adequate procedures to prevent such activity.

Corporate Responsibility

- 4.11 City of York Council is considered to be a commercial organisation under the Bribery Act. It is therefore important that the council takes steps to prevent bribery from occurring within the organisation.
- 4.12 If an offence did occur then courts would consider six tests to determine whether the council was culpable.
- Does the council have proportionate procedures in place to prevent bribery by persons associated with it? These should be clear, practical and accessible.
 - Is there top level commitment to preventing bribery? This includes members as well as officials.
 - Is the council's exposure to potential external and internal risks of bribery periodically assessed?
 - Does the council take a proportionate and risk based approach to mitigate identified bribery risks.
 - Are anti-bribery policies and procedures embedded and understood throughout the organisation? Are they communicated internally and externally?
 - Are procedures monitored and reviewed regularly?

Penalties

- 4.13 A person guilty of an offence under sections 1, 2, or 6 of the Bribery Act may be sentenced to:
- a maximum imprisonment of 12 months and/or a fine not exceeding £5,000 (if convicted in a magistrates court)

- a maximum imprisonment of 10 years and/or an unlimited fine (if convicted at a crown court).

4.14 An organisation found guilty of allowing bribery offences to occur will be subject to an unlimited fine that is in part determined by the gain that was sought to be made through bribery offences and an assessment of an organisation's culpability by the court.

5 How to raise a concern

5.1 We all have a responsibility to help detect, prevent and report instances of bribery. If a member of staff or councillor has a concern regarding a suspected instance of bribery or corruption then please speak up. The sooner you act, the sooner it can be resolved.

5.2 Employees who raise concerns or report wrongdoing may be concerned that there may be repercussions. The council is committed to ensuring nobody suffers detrimental treatment because they report a concern that they believe is true, or refuse to take part in bribery or corruption. The council aims to encourage openness and will support anyone who raises concerns under this policy, even if those concerns prove to be incorrect.

5.3 Members of staff should consult the council's whistleblowing policy which sets out a number of routes for reporting concerns.

5.4 Concerns can be raised anonymously and the council may still take action. However, it is easier and quicker if concerns are not made anonymously. The council will take all possible precautions to ensure that the identities of people who raise concerns are protected.

6 What to do if someone reports a concern

6.1 All reports of potential bribery within the council should be reported to the council's Director of Governance, Chief Finance Officer, and Veritau.

POLICY LAST REVIEWED AND UPDATED: January 2022



Agenda Item

Audit and Governance Committee

21 January 2022

Report of the Head of Internal Audit

Audit & Counter Fraud Progress Report

Summary

- 1 This report provides an update on the delivery of the internal audit work programme for 2021/22 and on counter fraud activity undertaken so far in the year.

Background

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

Internal Audit

- 3 The 2021/22 internal audit plan was approved by this committee at its meeting on 14 April 2021.
- 4 As noted in previous reports to this committee the Covid-19 pandemic meant there was 2020/21 audit work outstanding at the start of this year and therefore much of the time in the first part of the year was spent finalising that work.
- 5 Work has been completed and is ongoing on a number of 2021/22 audits. Annex 1 provides details of the completed and ongoing internal audit work as well as plans for audit work to be completed in the remainder of 2021/22.

Counter Fraud

- 6 The counter fraud progress report is contained in annex 2. It reports on progress against the counter fraud work programme. A range of work is detailed including activity to

promote awareness of fraud, work with external agencies, and information on the level of fraud reported to date.

Consultation

- 7 Not relevant for the purpose of the report.

Options

- 8 Not relevant for the purpose of the report.

Analysis

- 9 Not relevant for the purpose of the report.

Council Plan

- 10 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

- 11 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

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

Recommendation

13 Members are asked to:

- (a) note the progress made in delivering the 2021/22 internal audit work programme, and current counter fraud activity.

Reason

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

Contact Details

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Director of Governance
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**Report
Approved**



Date 12/01/2022

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

- 2021/22 Internal Audit and Counter Fraud Plan

Annexes

Annex 1 – Internal Audit progress report – January 2022

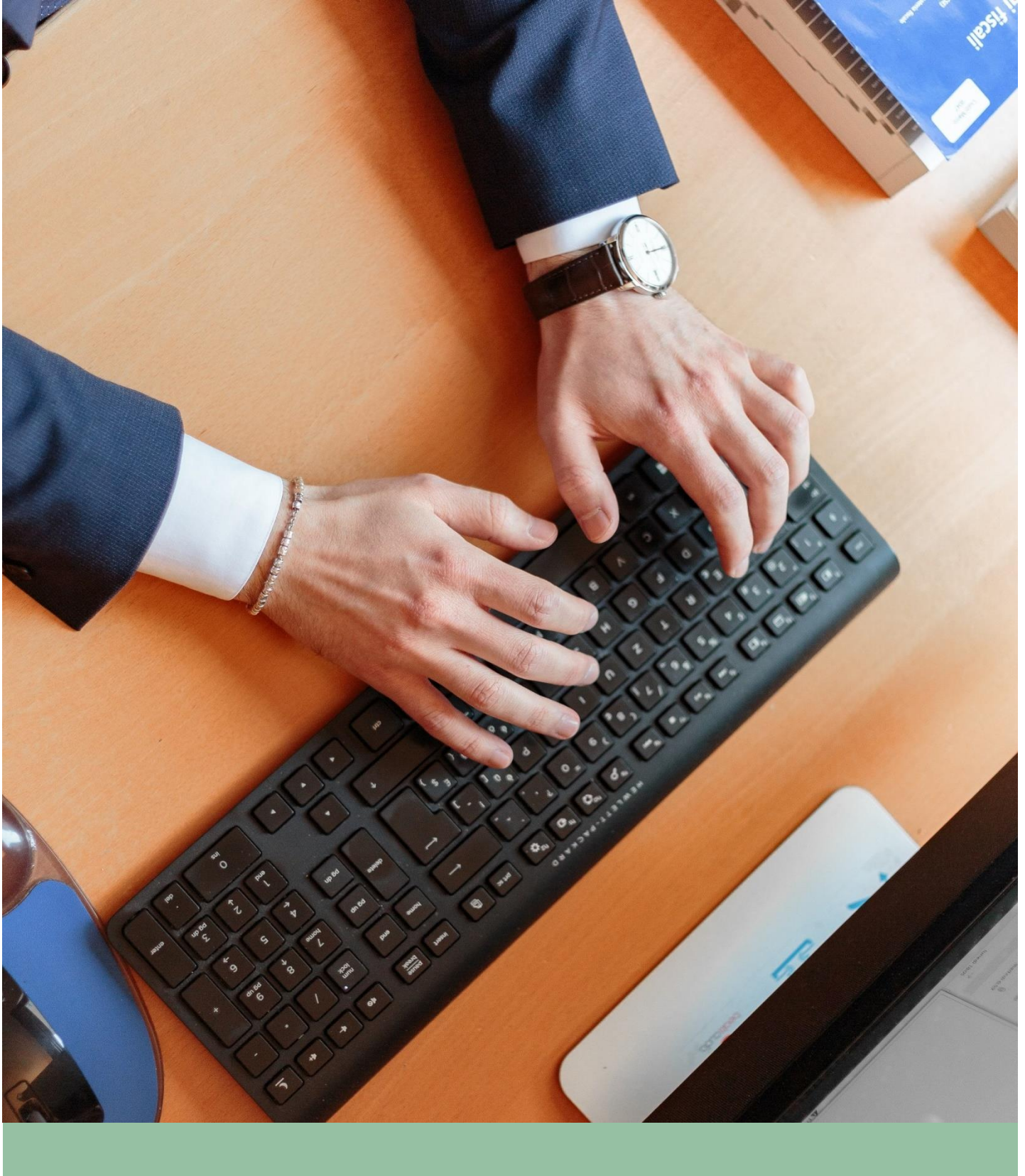
Annex 2 – Counter Fraud progress report – January 2022

Annex 3 – Commercial Waste Services - Final Audit Report

INTERNAL AUDIT PROGRESS REPORT 2021/22

Date: 21 January 2022

Annex 1



BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the Council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 3 In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Audit and Governance Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in April 2021. The number of agreed days is 1,095 and the plan is high level and flexible in nature.
- 5 In 2021/22 Veritau has introduced a new, flexible approach to work programme development and delivery to keep pace with developments in the internal audit profession and to ensure that we can continue to deliver a responsive service. Work is being kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the Council.
- 6 The purpose of this report is to update the committee on internal activity between 1 April 2021 and 7 January 2022.

INTERNAL AUDIT PROGRESS

- 7 As noted in previous reports to this committee, the Covid-19 pandemic meant there was 2020/21 work outstanding at the start of the year and much of the time in the first part of the year was spent finalising that work.
- 8 Work is ongoing on a number of 2021/22 audits. The Ordering and Creditors, Health and Safety and Main Accounting System audits have been reported in draft and will be finalised by the time of the next update report to this committee.
- 9 A number of other audits are in the latter stages of fieldwork and we expect to be able to report on findings for these to the next committee. These include the Highways CDM Regulations and SAG (Safety Advisory Group) Governance audits.
- 10 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in appendix A.

- 11 The work programme showing current priorities for internal audit work is included at appendix B.
- 12 Nine audits are shown in the 'do next' category where we anticipate beginning work during the final quarter of 2021/22 but have not yet agreed a start date with the responsible officers.
- 13 The programme also includes ten audits in the 'do later' category. The internal audit work programme is designed to include all potential areas that should be considered for audit in the short to medium term, recognising that not all of these will be carried out during the current year (work is deliberately over-programmed).
- 14 In determining which audits will actually be undertaken, the priority and relative risk of each area will continue to be considered throughout the remainder of the year, and as part of audit planning for 2022/23.
- 15 Three audits have been completed since the last report to this committee in October 2021. Appendix C summarises the key findings from these audits as well as details of actions agreed. Finalised reports listed in appendix C are published online, along with the papers for this committee. The report on Commercial Waste is included in the agenda papers as annex 3 as the opinion given is limited assurance.
- 16 Appendix D lists our current definitions for action priorities and overall assurance levels.



FOLLOW UP

- 17 All actions agreed with services as a result of internal audit work are followed up to ensure that underlying control weaknesses are addressed. As a result of this work we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits. A higher proportion of revised dates have been agreed than might normally be the case. This is largely in recognition of the continued effect of resource pressures caused by the Covid pandemic. A summary of the current status of follow up activity is included at appendix E.

APPENDIX A: 2021/22 INTERNAL AUDIT WORK

Audits in progress

Audit	Status
Ordering and Creditors	Draft report issued
Health and Safety	Draft report issued
Main Accounting System	Draft report issued
Highways CDM (Construction, Design and Management) Regulations	In progress
ICT Asset Management	In progress
Payroll	In progress
Records Management	In progress
Safety Advisory Group (SAG) Governance	In progress
Information Security	Ongoing – further work planned
Headlands primary school	Planning
Poppleton Road primary school	In progress
Fishergate primary school	Planning
Direct Payments	Planning
Building Services and Housing Repairs	Planning
Contract Management – Stadium / Leisure	Planning

Final reports issued

Audit	Reported to Committee	Opinion
Commercial Waste	January 2022	Limited Assurance
Business Continuity	January 2022	Reasonable Assurance
Continuing Healthcare	January 2022	Reasonable Assurance
Community Hubs	October 2021	Reasonable Assurance
Project Management	October 2021	Reasonable Assurance
Environmental Health	October 2021	Substantial Assurance
Absence Management	October 2021	No opinion given
Council Tax & NNDR	October 2021	Reasonable Assurance
Council Tax Support and Housing Benefits	October 2021	Substantial Assurance
Sundry Debtors	October 2021	Substantial Assurance
Schools Themed – Cyber security and IT Management	October 2021	Reasonable Assurance

Danesgate follow up audit	October 2021	No opinion given
SEN Ofsted Inspection & written statement of action (WSoA)	June 2021	Substantial Assurance
Contract Management – Make it York	June 2021	Limited Assurance
Home working	June 2021	Reasonable Assurance
ICT Server Administration and Security	June 2021	Substantial Assurance
ICT Licence Management	June 2021	Substantial Assurance
Public Health – Healthy Child Service	June 2021	Reasonable Assurance
Cash handling	June 2021	High Assurance

Other work completed in 2021/22

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- Quarterly review of Supporting Families claims
- Review of new parking system processes
- Follow up of agreed actions
- Grant certification work

APPENDIX B: CURRENT PRIORITIES FOR INTERNAL AUDIT WORK

Audit / Activity	Rationale
<p>Strategic risks / Corporate & cross cutting</p> <p>Category 1 (do now) Health and Safety Information security Records Management Safety Advisory Group (SAG) Governance</p> <p>Category 2 (do next) Complaints processes Risk Management Procurement and Contract Management</p> <p>Category 3 (do later) s106 agreements / support in developing systems Partnership working HR and workforce planning Performance Management and Data Quality Environment and waste</p>	<p>Deferred from 20/21 and significant risk area Deferred from 20/21 and significant risk area. Ongoing work Deferred from 20/21 and significant risk area Emerging risk. Requested by senior management</p> <p>Key area of corporate governance Key area of corporate governance Significant risk area</p>
<p>Fundamental / material systems</p> <p>Category 1 (do now) Main Accounting System Payroll</p>	<p>Key assurance area Key assurance area</p>

<p>Ordering and Creditors</p> <p>Category 2 (do next) Debtors and income collection Council Tax & NNDR</p> <p>Category 3 (do later) Council Tax Support and Benefits Capital Accounting & Assets Treasury Management</p>	<p>Key assurance area</p> <p>Key assurance area Key assurance area</p>
<p>Operational / regularity</p> <p>Category 1 (do now) Highways CDM (Construction, Design and Management) Regulations Direct Payments Contract Management – Stadium / Leisure Headlands primary school Poppleton Road primary school Fishergate primary school Building Services and Housing Repairs</p> <p>Category 2 (do next) Be Independent High cost placements Children: Special Educational Needs and Disability (SEND), education, Health & Care (EHC) plans and processes</p> <p>Category 3 (do later) Public Health</p>	<p>Provides broader assurance</p> <p>Significant risk area. Identified in discussions with management Significant risk area. Identified in discussions with management Provides broader assurance. Identified in discussions with management. Provides broader assurance. Identified in discussions with management. Provides broader assurance. Identified in discussions with management. Significant risk area. Identified in discussions with management</p> <p>Provides broader assurance. Controls / risks are changing Provides broader assurance. Significant risk area. Significant risk area. Specific areas for audit being discussed with officers.</p>

<p>Technical / projects</p> <p>Category 1 (do now) ICT Asset Management</p> <p>Category 2 (do next) ICT remote access</p> <p>Category 3 (do later) ICT procurement and contract management</p>	<p>Deferred from 20/21; key assurance area</p> <p>Key assurance area</p>
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APPENDIX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/ area	Opinion	Area reviewed	Date issued	Comments / Issues identified	Management actions agreed
Commercial Waste	Limited Assurance	The audit reviewed commercial waste collection and disposal processes and income collection and accounting.	17 December 2021	<p><u>Strengths</u></p> <p>Process to apply for commercial waste collections was working correctly.</p> <p>Commercial waste collections continued at a reasonable level during the pandemic.</p> <p>Weighbridge tickets are being correctly issued and contain appropriate details.</p> <p>Cash is no longer accepted as a method of payment.</p> <p><u>Weaknesses</u></p> <p>It was not known which businesses were operating and having waste collected during the pandemic and many customers were not invoiced, which may result in a potentially significant loss of income.</p> <p>Poor management information systems result in a lot of manual work and there is a lack of</p>	<p>The council will apply for funding under the Government's Income Compensation Scheme for 2020/21 and for the extended period allowed in 2021/22. The council must meet some of the shortfall from its own funds.</p> <p>The current provision of the service will be reviewed.</p> <p>Back office processes will be reviewed and improvement actions identified. The issuing of duty of care documentation will be transferred from the Commercial Waste Team to Business Support Team.</p> <p>The service will look to implement improvements to processes, systems and management information through the Webaspx waste management</p>

System/ area	Opinion	Area reviewed	Date issued	Comments / Issues identified	Management actions agreed
				<p>reconciliation between waste services and the finance system. Waste transfer notes not renewed in a timely manner. Crew sheets not being properly completed and a lack of management information systems prevent them being used effectively. Responsibility for setting commercial waste fees and charges was not clear.</p>	<p>system, including crews using in cab units. Cash is not accepted and all businesses have an account on the finance system. The Head of Service will agree the fees and charges in consultation with the Finance Manager. This will be implemented for the setting of charges for 2022/23.</p>
Continuing Healthcare (CHC)	Reasonable Assurance	The audit reviewed the completeness and accuracy of CHC invoicing processes.	19 October 2021	<p>Strengths</p> <p>New workflow process designed and implemented from January 2020 to track progress of all CHC applications and record financial contributions.</p> <p>Financial agreement forms in place with CCG and recharge amounts checked by income services.</p> <p>Weaknesses</p> <p>No clear audit trail for changes to agreed recharge amounts.</p> <p>Lack of management information on all services users</p>	<p>Improve records management process for correspondence related to uplifts. Continue to upload correspondence to Adults Mosaic where changes to recharges are made on an individual basis.</p> <p>To add a workflow to record VPU (Vulnerable Persons Unit) funding in an analogous way to CHC cases.</p> <p>Complete MI reports for all NHS-funded customers.</p>

System/ area	Opinion	Area reviewed	Date issued	Comments / Issues identified	Management actions agreed
				in receipt of CHC funding (those that pre-date the new workflow process).	To create additional Element Types on Mosaic to allow VPU recharges to be represented differently to CHC recharges, to support separate reporting of the two different funding streams.
Business Continuity	Reasonable Assurance	The audit reviewed guidance and training available to officers responsible for producing business continuity plans; the emergency planning units (EPU) monitoring of council wide business continuity plans and the governance arrangements for business continuity management within the council.	26 November 2021	<p>Strengths</p> <p>Support guidance and training provided by EPU to council officers.</p> <p>Policy, templates and guidance developed with reference to ISO and National Resilience Standards.</p> <p>Shared service agreement planned with NYCC to provide greater resilience.</p> <p>Annual reviews of plans undertaken and reported to Council Management Team.</p> <p>Testing of plans takes place and is monitored by EPU.</p>	<p>Policy, templates and guidance will be reviewed, updated and circulated. Will clearly identify responsibilities for review, updates and testing of plans.</p> <p>EPU now attend CMT four times per year to provide updates on business continuity.</p> <p>Leavers' checklist will include business continuity responsibilities.</p> <p>Business continuity plans now accessible to the EPU and all plan owners and copies uploaded to Resilience Direct.</p> <p>Annual review process will include whether plans have</p>

System/ area	Opinion	Area reviewed	Date issued	Comments / Issues identified	Management actions agreed
				<p><u>Weaknesses</u></p> <p>Some guidance documents out of date and don't always meet best practice.</p> <p>Some plans not updated annually. Many plans only updated annually and not after significant organisational or external changes.</p> <p>Plan exercises not conducted frequently enough and details of testing, lessons learned and actions required not recorded.</p> <p>No formal training programme for new or existing plan owners and training records not kept.</p>	<p>been tested or activated in the last year. As part of 2021/22 annual review process, plan owners will be asked to include lessons learned from Covid-19. EPU will conduct strategic business continuity exercises (Council-wide and in conjunction with the Local Resilience Forum) based on national and local (LRF) identified risks. Outcomes of exercises will be recorded. Lessons learned from strategic exercises will be shared with business continuity plan owners across the Council.</p> <p>The EPU will develop introduction to business continuity training for consideration by CMT to be part of managers' induction. The business continuity policy will be amended to state that plan owners will provide training to their staff.</p>

System/ area	Opinion	Area reviewed	Date issued	Comments / Issues identified	Management actions agreed
					The annual review process will include a confirmation that the plan owner has made staff aware of business continuity requirements and responsibilities.

APPENDIX D: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

Audit opinions	
Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.	
Opinion	Assessment of internal control
Substantial assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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.

APPENDIX E: FOLLOW UP OF AGREED AUDIT ACTIONS

Where weaknesses in systems are found by internal audit, the auditors agree actions with the responsible manager to address the issues. Agreed actions include target dates and internal audit carry out follow up work to check that the issue has been resolved once these target dates are reached. Follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary. Where managers have not taken the action they agreed to, issues are escalated to more senior managers, and ultimately may be referred to the Audit and Governance Committee.

Follow up work was suspended for a period during the pandemic and restarted in autumn 2020. A detailed report on higher priority actions was provided in the Head of Internal Audit annual report, reported to this committee in June 2021. This report covers actions followed up between 1 April 2021 and 31 December 2021.

A total of 45 actions have been followed up since April 2021. A summary of the priority of these actions and the directorate they relate to is included below.

Actions followed up		Actions followed up by directorate		
Priority of actions*	Number of actions followed up	Other (Customers, Governance, Finance, HR, Public Health)	Place Directorate	People Directorate
1	0	0	0	0
2	20	11	1	8
3	25	8	0	17
Total	45	19	1	25

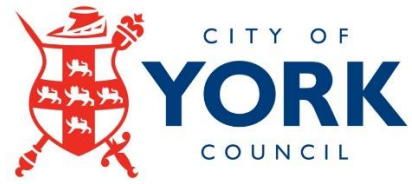
Of the 45 agreed actions 5 (11%) had been satisfactorily implemented and 11 (24%) had been identified as either redundant or superseded, for example, where systems or processes have changed so that they are no longer exposed to risks. In 22 cases (49%) the action had not been implemented by the target date and a revised date was agreed. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable. This is a high proportion but this reflects the impact of the Covid-19 pandemic and continuing pressure on resources. In the remaining 7 cases follow up work is currently in progress.

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COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 21 January 2022

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to local government. Losses to councils are estimated to exceed £7.8 billion annually in the United Kingdom.¹
- 2 Veritau delivers a corporate fraud service to the council which aims to prevent, detect and deter fraud and related criminality. The counter fraud team investigate allegations of fraud, plan and take part in counter fraud campaigns (e.g. the National Fraud Initiative), undertake fraud awareness activities with staff and the public, and maintain and update the council's counter fraud framework and associated policies.
- 3 The purpose of this report is to update the Committee on counter fraud activity between 1 April 2021 and 31 December 2021.



FRAUD MANAGEMENT

- 4 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the council. The council's counter fraud framework has been reviewed and updated for the current committee meeting. This includes a revised strategy action plan, fraud risk assessment, and a new anti-bribery policy.
- 5 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public. Fraud awareness training has been delivered to members of staff working within adult social care this year. Further training is planned for the housing department.
- 6 A campaign to mark Cyber Security Awareness Month was delivered to staff in October. Another campaign to mark International Fraud Awareness Week was delivered to staff and the public in November. International Anti-Corruption Day in December was marked by providing information to staff on how to identify and report bribery and money laundering concerns.
- 7 Veritau continue to support the council with Covid-19 related payments, most recently in assisting with checks relating to the newly announced Omicron Hospitality and Leisure grant scheme. The team works with officers to ensure that the council meets government mandated verification, investigation and recovery requirements for all Covid-19 related grant payments.



MULTI-AGENCY WORK

- 8 Work on the 2020/21 National Fraud Initiative (NFI) is ongoing. The counter fraud team is reviewing over 7,300 matches flagged during the current exercise, including 49 matches relating to Covid-19 grant payments. The Cabinet Office has requested further data be provided

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill

relating to Covid-19 payments made during the second period of lockdown. This data is being gathered and will be securely submitted shortly.

- 9 The council are required to respond to requests for information from the Department for Work and Pensions (DWP) who investigate Housing Benefit fraud. In cases where council tax support is in payment, the counter fraud team can jointly investigate with DWP counterparts. The team have responded to 62 requests for information to date.

DATA MATCHING

- 10 The counter fraud team undertakes regular data matching exercises to detect fraud and error. A recent exercise looking at potential council tax fraud produced seventeen matches for investigation. Two investigations have led to warnings being issued for falsely claimed single person discounts and seven investigations are still ongoing.
- 11 The team is currently developing a new data matching exercise to highlight potential fraud and error within the housing Right to Buy scheme.

INVESTIGATIVE WORK

- 12 In 2021/22, the counter fraud team received 267 referrals of suspected fraud. These cover areas including adult social care, social housing, council tax, council tax support, internal fraud, parking, business rates, the council's financial assistance scheme, and Covid-19 support payments.
- 13 Up to 31 December 2021, the team helped the council to achieve £81k in savings and £10k in Covid-19 related savings. The team has completed 90 investigations and there are currently 79 ongoing. To date, three people have been formally cautioned and warnings have been issued to a further twenty-four. One council property has been recovered. One false application for a school placement has been detected. In addition the team has helped the council verify 87 applications relating to Right to Buy, Covid-19 grants, and school placements.
- 14 The level of savings achieved to date is less at this stage than in previous years (e.g. £292k in 2020 and £234k in 2019). This is primarily due to the impact of the pandemic. For example, there was a reduction in referrals for the types of fraud normally reported to the team and an increase in work associated with Covid-19 grants. The counter fraud team has focussed on meeting government guidelines for the prevention and detection of fraud within Covid-19 grant schemes throughout the pandemic. To date £183k of Covid-19 grants have been recovered or prevented from being paid as a result of work undertaken by the counter fraud team. This year investigation work has started to return to more normal activity and levels. It is expected that savings will recover to pre-pandemic levels although this will take time, as we work through investigations.
- 15 A summary of investigative work can be found in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2021/22

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2021/22.

	2021/22 (As at 31/12/21)	2021/22 (Target: Full Yr)	2020/21 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£81,384	£200,000	£348,155
Amount of savings identified relating to Covid-19 business grant related fraud	£10,000	n/a	£173,000
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	46%	30%	46%

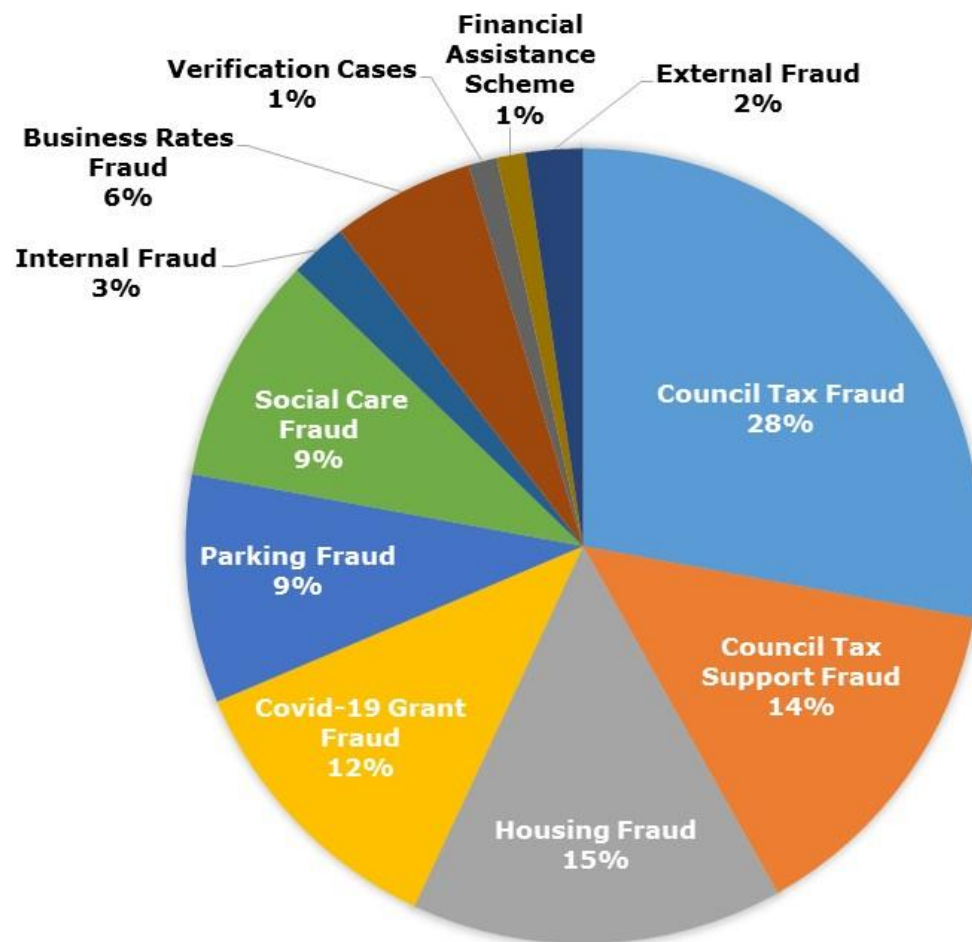
Caseload figures for the period are:

	2021/22 (As at 31/12/21)	2020/21 (Full Year)
Referrals received	267	338
Number of cases under investigation	79	103 ²
Number of investigations completed	90	191
Number of verification cases completed ³	79	35

² As at the end of the financial year (i.e. 31/03/2021)

³ Verification cases include reviews of applications for Covid-19 grants, Right to Buy, and school placements.

The chart below shows the proportion of different case types under investigation as at 31 December 2021.



Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Covid-19 related fraud – The counter fraud team have received eleven referrals for potential Covid-19 related fraud this year. Twelve investigations have been completed to date in 2021/22 and there are currently nine investigations ongoing. The team have verified a further seventeen applications as part of a government mandated post-assurance exercise. One verification led to the identification of an incorrect payment made to a business. The £10k grant was subsequently repaid to the council. • Adult Social Care fraud – The team has completed six investigations in this area and eight are ongoing. There have been six new referrals in this area during 2021/22. • Internal investigations – Two investigations have been commenced in 2021/22 to date and three have been completed. • External (or third party) fraud – Four investigations relating to external frauds against the council have been reported this year. These constitute cybercrime and thefts against the council. Three investigations have been completed and two are ongoing. • Housing fraud – Twenty referrals for housing related fraud have been received to date. Twelve investigations have concluded and thirteen investigations are ongoing. The team has helped to verify sixty Right to Buy applications this year. One council property was recovered following a county court hearing. Two warnings were issued to people for giving false information in connection with applications for housing. • Council Tax fraud – Thirty-two referrals for suspected council tax fraud have been received to date and an internal data matching exercise produced seventeen further cases for investigation. Eighteen investigations have been completed in this area and twenty-four are ongoing. Four people have been issued with formal warnings relating to false or incorrectly claimed single person discounts and error was detected in a further three cases. • Business rates fraud – The team has received nine referrals in this area in the current financial year. Seven investigations have been completed resulting in warnings being issued to three

Activity	Work completed or in progress
	<p>businesses incorrectly claiming small business rate relief. There are five ongoing investigations in this area.</p> <ul style="list-style-type: none"> • Council Tax Support fraud – The team has completed seven investigations into council tax support fraud. One person has received a formal warning about their conduct. Seventy-three referrals for potential fraud in this area have been received and there are currently twelve investigations ongoing. • Parking fraud – Twenty-five reports of parking fraud have been received during the current financial year. Twenty cases have been concluded which resulted in three people being formally cautioned and twelve people receiving a written warning. There are eight investigations currently ongoing. • Education Verification – The team has reviewed two applications for school placements to date. One application was found to have contained false or misleading information and an offer of a school placement was withdrawn.

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Commercial Waste Services

City of York Council

Internal Audit Report 2020/21

Business Unit: Economy and Place Directorate
Responsible Officer: Assistant Director – Transport, Highways and Environment
Service Manager: Head of Environmental Services
Date Issued: 17th December 2021
Status: Final
Reference: 10550/004

	P1	P2	P3
Actions	1	6	2
Overall Audit Opinion	Limited Assurance		

Summary and Overall Conclusions

Introduction

Every business in York has a legal responsibility to ensure that any waste produced is disposed of safely and responsibly. Businesses can apply for waste to be collected by the council, or by another waste collection service. Once the commercial waste has been collected it is taken to the transfer station at Harewood Whin, before being taken to Allerton Park to be either recycled or incinerated.

In York, 1,600 businesses have contracts to have their waste collected by the council. These businesses produce approximately 140 tonnes of waste per month, and the council collects approximately £1.4 million a year from commercial waste collections.

The audit was started during 2019/20, however due to the Covid-19 pandemic, work was stopped in March 2020. The audit was re-started for 2020/21 and in addition to the below, the audit also considered the effectiveness of the measures that were put in place during the pandemic.

Objectives and Scope of the Audit

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

- The process to apply for commercial waste collections was working correctly.
- Commercial waste was being collected promptly and efficiently by the council.
- All income from commercial waste collection and disposal was collected and accounted for.
- Weighbridge tickets from Harewood Whin were being correctly issued to the council.

The audit did not include a review of the processes and procedures at Yorwaste or Harewood Whin.

Key Findings

Overall, it appeared the systems and processes in place were functioning to a reasonable extent before the Covid-19 pandemic. However once the pandemic began, the service failed to keep up with the volume of businesses that had to close at the same time. Customer accounts and invoices were still being reviewed almost a year after the initial lockdown began because the service had not been able to determine whether the business was operating and having its waste collected. This means that the service may not be receiving all income for waste collected during this period, leading to a potentially significant loss of income. This situation may have been made worse by the system of spreadsheets that the service used rather than having a waste management information system in place to record customers and the charges for waste collections. Before the pandemic, the Management Team was aware of issues with the Commercial Waste Service, and therefore requested that this audit take place to establish the scale and complexity of the issues within the service.

The process to apply for commercial waste collections was working correctly, with customers contacting the council before the contracts and Waste Transfer Notes are drawn up. However, we found that the Waste Transfer Notes, a legal agreement demonstrating that each business has a contract to dispose of their waste, were not always being renewed on time.

Commercial waste collections continued to a reasonable extent during the pandemic, however manual crew sheets were still being used and there is no central system in place to manage customers and organise the collections. From our sample, a number of instances were seen where crew sheets were not being properly completed. Automated systems are now in place which should have eliminated the need for the manual crew sheets. Debt recovery is managed by the Finance Team and where a customer is in debt, collections are stopped until the debt is paid. In our discussions with officers in the Commercial Waste Team it was explained this usually prompts payment, however if waste is left on the roadside it has the potential to become an environmental hazard.

Issues were found with commercial waste income being collected and accounted for. Ownership for setting commercial waste charges has not been assigned to a single person and there is confusion over who is responsible. At the time of testing, the shortfall in commercial waste income for 2020/21 was £600,000-£700,000, approximately 50% of normal income. 75% should be returned due to a Government commitment to reimburse local authorities for lost income due to the pandemic. Until July 2020, some income was being collected in cash. However, cash is no longer being accepted by the service and customers who used to pay by cash have been informed of this change. These customers were not being recorded on the finance system, creating potential discrepancies between the data held in Waste and Finance. There is no exact split between the domestic and commercial waste collected. It is the opinion of the Commercial Waste Team that the two areas cancel each other out but it was not possible to confirm this.

We found that weighbridge tickets are being correctly issued to the council. Waste vehicles are weighed upon entry and exit from the disposal site and the net weight is recorded on a weighbridge ticket. The tickets also contain other information such as vehicle registration numbers, the times of entry and exit and driver and operator signatures.

Overall Conclusions

Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Limited Assurance.

1 Invoicing Customers

Issue/Control Weakness

Customers have not been invoiced for waste collected during lockdown because the service did not know whether the business was operating.

Risk

The council has not collected income from commercial properties whose waste has been collected.

Findings

During the Covid-19 pandemic, many businesses had to close and their accounts had to be cancelled so that no further invoices were sent with the invoicing re-starting once the service knew which businesses were operating again. There is provision in the commercial waste contracts for ending or varying collections but no specific provision for temporarily suspending collections. Although the pandemic was an unanticipated situation, there should be a provision in the contract for a break in waste collections for situations such as the closure of the business premise for renovation.

At the start of the first lockdown in March 2020, a decision was made to withhold the first quarter's invoices so the service could determine the status of each business. A letter was sent in April encouraging customers to make contact if they had stopped trading during lockdown or required a change to their collection service. Businesses were sent invoices when it was known they were still operating and invoices were not sent when this was not known. When restrictions were eased in July 2020, the service continued to determine whether each business was open before re-starting their invoices, despite the majority now operating under the relaxed restrictions. For the second and third lockdowns during the winter of 2020/21, the service continued invoicing businesses which had been operating prior to the lockdown.

At the time of the audit in February 2021, the team was continuing to work through the customer database from the start of the pandemic to determine whether businesses were operating and should be invoiced. This means that some businesses have potentially not been invoiced since the start of the first lockdown in March 2020. The council tried to be more flexible and understanding with customers during the pandemic, however this may have inadvertently created more issues in relation to invoicing, and contributed to the backlog of work now faced by the team.

Agreed Action 1.1

The council will apply for funding under the Government's Income Compensation Scheme for 2020/21 and for the extended period allowed in 2021/22. The scheme requires to Council's to fund the first 5% of shortfalls and then will split the balance 75% government funding and 25% council funded.

In 2020/21 commercial waste has suffered a shortfall in income of £731,400 against the budgeted income of £1,435,710. The council must meet £236,690 of

Priority

1

Responsible Officer

Finance Manager

Timescale

31th December 2021

the income shortfall with the remaining £494,710 met through central government funding.

Agreed Action 1.2

The Commercial Waste team will (i) examine and review back office processes for the production of invoices and (ii) benchmark against other service providers regarding their invoice process and timeliness.

The results of this review and benchmarking will be used to determine improvement actions.

Priority

2

Responsible Officer

Head of Environmental Services

Timescale

31st January 2022

2 Waste Management System

Issue/Control Weakness

The Waste Service does not have a central management information system and no reconciliations are performed between the records maintained by the Finance and Waste services.

Risk

Income is not collected from customers due to data on the waste and financial management systems being inaccurate.

Findings

There is no central system in place to manage the Commercial Waste Service. Instead, the team operate using a system of spreadsheets which exposes the service to a higher risk of error, corruption and data loss. Having a management information system in place would ensure data is held in one central location allowing for greater efficiency and effectiveness. At the time of the audit, a project had been started to determine whether the service was profitable enough to invest in a central waste system. However this was put on hold due to the pandemic.

There is no integration between the data held within the Waste and Finance systems. Therefore, customers recorded on the waste spreadsheets used by the service are potentially not being recorded on the financial management system. Workflow sheets are used to document the tasks completed when a new customer is set up. One of the tasks is to set the customer up on both the finance system and the waste spreadsheets. This is the only control in place to ensure customer information is accurate between the two systems. However, no reconciliations are performed by the Finance or Waste services to ensure records are accurate. Previously, a sample of 10 contracts was checked on a weekly basis by an officer in the Commercial Waste Team. However due to time and resource constraints this was not continued.

Agreed Action 2.1

The issuing of duty of care documentation will be transferred from the Commercial Waste Team to Business Support Team. Moving this process will allow the Commercial Waste team to undertake more reconciliations and testing.

Priority

2

Responsible Officer

Head of Environmental Services

Timescale

31st March 2022

Agreed Action 2.2

The service will review the possibility of transferring Commercial waste crews to use in-cab units through a trade module on the Webaspx waste management system. Use of this system should help with reconciliation processes.

The system is still in development by the supplier with a target date of quarter 2, 2022.

Priority

2

Responsible Officer

Head of Environmental Services

Timescale

31st March 2022

Agreed Action 2.3

The current provision of the service will be reviewed. The transfer of work to the business support team, the development of a commercial waste billing system, a sales team and robust management will be costed and compared to alternative models for the provision of the service.

Priority

2

Responsible Officer

Corporate Director of Place

Timescale

31st March 2022

3 Renewal of Waste Transfer Notes

Issue/Control Weakness

Waste Transfer Notes are not being renewed in a timely manner.

Risk

Businesses do not have a valid Waste Transfer Note to legally cover the disposal of their waste.

Findings

Customers are issued with a Commercial Waste Agreement (CWA) and a Waste Transfer Note (WTN) when they register for their waste to be collected. The WTN is a legal document covering the transfer of waste and is generally valid for a period of one year, at which point it should be renewed to ensure compliance. WTNs need to be renewed on time to ensure that businesses are legally disposing of their waste and to demonstrate that businesses and the council are compliant with environmental regulations.

From a sample of 10 cases reviewed, 8 WTNs had not been renewed on time. All had gaps of longer than 1.5 months and 3 had gaps of longer than 6 months. It was explained by an officer in the Commercial Waste Team that the service was behind with renewing WTNs due to the pandemic, however 2 of the cases in the sample had expired before the pandemic started.

Agreed Action 3.1

The task of issuing Waste Transfer Notes will be moved from the Commercial Waste Team to the Business Support Team. This should improve the timelines of renewals.

Priority

2

Responsible Officer

Head of Environmental Services

Timescale

31st March 2022

4 Cash Handling

Issue/Control Weakness

Commercial waste income was being collected in cash and the cash-paying customers were not being recorded on the finance system.

Risk

Income is not collected and recorded in a secure manner, which increases the opportunity for fraud to take place.

Findings

At the start of the audit in March 2020, approximately £500-£1,000 of commercial waste income was being collected in cash each month. The cash was collected from the customer and recorded on a spreadsheet before being stored in a safe at Hazel Court. When it was to be banked, it was removed from the safe, counted and checked against the spreadsheet. A paying-in book was completed and the cash was bagged to be taken to the bank. Once banked, a form was completed and emailed to Transactional Services for the income to be allocated to the commercial waste code and for the ledgers to be reconciled. During the Covid-19 pandemic, a decision was taken to stop all cash payments. Letters were sent to customers outlining that they would no longer be able to pay by cash on delivery from July 2020 onwards.

As part of our sample of contracts, we came across a customer who did not appear to have a reference or debtor number. When this was queried, it was explained by the Commercial Waste Team that customers who previously paid in cash were not recorded on the finance system. This meant staff in the Finance Team were unaware of some customers which increased the risk that not all income was being correctly banked.

Agreed Action 4.1

Processes have been changed so that no cash is taken/collected and all businesses are required to have an account on the finance system.

Priority

2

Responsible Officer

Head of Environmental Services

Timescale

Completed

5 Crew Sheets

Issue/Control Weakness

Crew sheets are not being properly completed and the information on the crew sheets is not used or analysed, making them redundant.

Risk

Crew workloads are being unnecessarily increased by completing manual crew sheets when the information could be obtained from the automated systems.

Findings

Crews are expected to complete paper crew sheets at the end of each shift, detailing information such as working times and mileage. 20 crew sheets were reviewed from days throughout 2020. From the sample, there were 7 instances where the drivers and loaders did not properly record their start, finish and break times. There were also 5 instances where mileage was not properly recorded.

Upon discussion with the service, it was established the information on the crew sheets is not used or analysed. Tachograph cards were introduced in 2018 which records information such as crew working times and vehicle mileage as well as whether crews have had any infringements. A new system called Incab shows the routes and times driven and can allow crews to electronically report issues. At the time of the audit, the Incab system had not been fully rolled out. Due to the fact that automated systems have been introduced, continuing to complete manual crew sheets increases crew workloads and creates duplication of information.

Agreed Action 5.1

The service will review the possibility of transferring Commercial waste crews to use in-cab units through a trade module on the Webaspx waste management system. The system is still in development by the supplier with a target date of quarter 2, 2022.

Priority

3

Responsible Officer

Head of Environmental Services

Timescale

31st March 2022

6 Setting of Charges Ownership

Issue/Control Weakness

Ownership for setting commercial waste charges is not assigned to one person and there is confusion over who has responsibility for setting the charges.

Risk

Accountability and responsibility is not assigned meaning that the process of setting and changing charges becomes ineffective.

Findings

The charges for Waste Services are agreed annually as an annex to the Financial Strategy report. The annex states that commercial waste charges are subject to the service required and customer requirement, however, it does not state which Council Officer has the delegated authority to agree the charges with the customer.

Through initial discussion with the Finance Team, it was understood that the Commercial Waste Team have full autonomy with regards to setting charges and managing customers and that the Finance Team has no input in the setting of charges. However, upon speaking to the Commercial Waste Team, it was stated that charges are set centrally and agreed by Members who have ultimate responsibility for making the decisions. The Commercial Waste team outlined that they could recommend a change in charges however this does not often happen.

We found that there was some confusion within the council over responsibility and accountability for this area. Ultimate ownership over the setting of charges should be assigned to a single person, preferably within the Commercial Waste Team, to ensure there is a clear process in place and a defined point of contact should any queries be asked. There should be an established process in place for setting charges on an annual basis and reviews undertaken where necessary to ensure charges are appropriate.

Agreed Action 6.1

The Head of Service will agree the fees and charges in consultation with the Finance Manager. This will be implemented for the setting of charges for 2022/23.

Priority

3

Responsible Officer

Head of Environmental Services

Timescale

31st December 2021

Audit Opinions and Priorities for Actions

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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.

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Audit & Governance Committee – draft work plan

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

Theme	Item	Lead officers	Scope
21st January <i>Papers published 13/01</i>			
Governance	Corporate Governance Report	<u>CYC</u> Lorraine Lunt	To provide Members with an update on current information governance issues.
Veritau (internal audit / counter fraud)	Audit & Counter Fraud Plan & Consultation	<u>Veritau</u> Max Thomas/ Richard Smith	Consultation with the committee on its priorities for internal audit and counter fraud work for 2022/23.
Veritau (counter fraud)	Counter Fraud Framework	<u>Veritau</u> – Max Thomas/ Richard Smith	An update to the committee on counter fraud arrangements and action taken as part of the counter fraud strategy. To include a review of the fraud risk assessment and any updates to the counter fraud strategy and policy.
Veritau (internal audit / counter fraud)	Internal Audit & Fraud Plan & Progress report	<u>Veritau</u> Max Thomas/ Richard Smith	An update on progress made in delivering the internal audit work plan for 2021/22 and on current counter fraud activity. Including reporting on progress made by council departments in implementing actions agreed as part of internal audit work.
Risk	Key Corporate Risks monitor 3	<u>CYC</u> Sarah Kirby	Update on Key Corporate Risks (KCRs) including: KCR 13.
2nd February <i>Papers published 25/01</i>			
Governance	Progress against the Action Plan	<u>CYC</u> Janie Berry	
Governance	Review of the Constitution	<u>CYC</u>	

		Janie Berry	
Governance	Annual Monitoring Officer's Statement	<u>CYC</u> Janie Berry	
Finance	PSAA Review of External Audit Fees	<u>CYC</u>	
Finance	Final Statement of Accounts incl. Annual Governance Statement	<u>CYC</u> Emma Audrain/ Debbie Mitchell	To present the final audited Statement of Accounts following the 2020/21 Audit including the Annual Governance Statement.
External Audit	Mazars Audit Completion Report	<u>Mazars</u> <u>Mark Kirkham</u>	Report from the Councils external auditors setting out the findings of the 2020/21 Audit.
9th March <i>Papers published 01/03</i>			
Governance	Progress against the Action Plan	<u>CYC</u> Janie Berry	
Governance	Review of the Constitution	<u>CYC</u> Janie Berry	
Governance	Review of work plan/meetings schedule for 2022-2023	<u>CYC</u> Janie Berry	
Veritau (internal audit / counter fraud)	Limited Assurance report commercial waste	<u>Veritau</u> Max Thomas/ Richard Smith	
6th April <i>Papers published 29/03</i>			
Risk	Key Corporate Risks monitor 4	<u>CYC</u> Sarah Kirby	Update on Key Corporate Risks (KCRs)
External Audit	Mazars Audit Progress (if required)	<u>Mazars</u> Mark Kirkham	Update report from external auditors detailing progress in delivering their responsibilities as the Council's external auditors.
Governance	Progress against the Action Plan	<u>CYC</u> Janie Berry	
HR	Governance Update from Head of	<u>CYC</u>	

	HR on CYC settlement agreements	Helen Whiting	
Veritau (internal audit / counter fraud)	Internal Audit & Fraud Plan & Progress report	<u>Veritau</u> Max Thomas/ Richard Smith	An update on progress made in delivering the internal audit work plan for 2021/22 and on current counter fraud activity. Including reporting on progress made by council departments in implementing actions agreed as part of internal audit work.
Veritau (internal audit / counter fraud)	Internal audit and counter fraud plans 2022/23	<u>Veritau</u> Max Thomas/ Richard Smith	To present internal audit and counter fraud plans for 2022/23 to the committee for approval.

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