

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

- To:** Councillors Cannon (Chair), Steward (Vice-Chair), Lisle, Cuthbertson, Kramm, Williams and Mason, Mr Mann and Mr Mendus (Independent Members)
- Date:** Wednesday, 6 March 2019
- Time:** 5.30 pm
- Venue:** The George Hudson Board Room - 1st Floor West Offices (F045)

### **AGENDA**

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

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

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

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

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

It is at this point in the meeting that members of the public who have registered their wish to speak can do so. The deadline for registering is by **5:00pm** on **Tuesday 5 March 2019**. To register please contact the Democracy Officer for the meeting, on the details at the foot of this agenda.

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

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- 3. Minutes (Pages 1 - 12)**  
To approve and sign the minutes of the meeting of the Audit & Governance Committee held on 6 February 2019.
- 4. Non Disclosure Agreements (Pages 13 - 20)**  
Following Members' request at the last Audit and Governance Committee, this Report provides an explanation of the concept and use of "non disclosure agreements" by CYC in the context of employment law.
- 5. Monitor 4 2018/19 - Key Corporate Risks (inc. KCR 6 Health & Wellbeing) (Pages 21 - 50)**  
This report presents Members with an update on the key corporate risks (KCRs) for City of York Council. A detailed analysis of KCR6 (Health and Wellbeing) is included at Annex B.
- 6. Mazars Audit Progress Report (Pages 51 - 68)**  
The paper attached at Annex A from Mazars, the Council's external auditors, reports on progress in delivering their responsibilities as auditors.

- 7. Audit & Counter Fraud Monitoring Report** (Pages 69 - 92)  
This report provides an update on progress made in delivering the internal audit workplan for 2018/19 and on current counter fraud activity.
- 8. Internal Audit Follow Up Report** (Pages 93 - 98)  
This six monthly report to the committee sets out progress made by Council departments in implementing actions agreed as part of internal audit work.
- 9. Internal Audit & Counter Fraud Plans 2019/20** (Pages 99 - 120)  
This report seeks the Committee's approval for the planned programme of internal audit work to be undertaken in 2019/20. It also includes details of the planned programme of counter fraud work.
- 10. Forward Plan** (Pages 121 - 128)  
This presents the future plan of reports expected to be presented to the Committee during the forthcoming year to February 2020.
- 11. Urgent Business**  
Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Laura Clark  
Tel: (01904) 552207  
Email: [Laura.Clark@york.gov.uk](mailto:Laura.Clark@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  
własnym języku. (Polish)**

**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

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Meeting	Audit & Governance Committee
Date	6 February 2019
Present	Councillors Cannon (Chair), Steward (Vice-Chair), Lisle, Cuthbertson, Kramm, Williams (Items 6 - 16) and Mason Mr Mann (Items 10,11 & 13 - 16) and Mr Mendus (Independent Members)

**43. 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.

**44. Exclusion of Press and Public**

Resolved: That the press and public be excluded from the meeting during consideration of Agenda Item 8 on the grounds that it contained information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime. This information is classed as exempt under Paragraphs 7 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by the Local Government (Access to Information)(Variation) Order 2006).

**45. Public Participation**

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme, but that this resident had been unable to attend.

**46. Minutes**

Members considered minutes of the meeting held on Wednesday 5 December 2018. Members agreed that the following amendments be made:

Minute Item 38

Bullet 7 – To read:

- Safeguarding referrals from schools came from the LA designated officer. Some would cross borders and ~~it~~ would be dealt with by the Local Authority in the incident location, not the home location. However, there was a ~~duty~~ responsibility to share information;

Minute Item 38

Para 1 – To read:

‘This information provided Members with an update of on treasury management...’

Bullet 4 – To read:

‘...CYC could do slightly better with cash flow planning in terms of the Capital Programme and increasing returns and work was being ~~done~~ done on this...’

Minute Item 39

Bullet 6 – To read:

‘The plan was always to deliver 100%, but 93% ~~is~~ was the target they are ~~are~~ were judged on...’

Resolved:

1. ~~That~~ Members ~~are asked to~~ note the progress made in delivering the 2018/19 internal audit work programme, and current counter fraud activity.

Minute Item 40

Para 2 – To read

‘The Information Governance and Feedback Team Manager attended the meeting to present the report *and* answer Member questions...’

Minute Item 41

Bullet 7 – To read

'Internal Audit was an important source of information for the S151 officer and ~~provides~~ *provided* the assurance necessary for the Director to discharge their statutory duties...'

Resolved: That, subject to the above amendments, the minutes of the meeting held on 5 December 2018 be approved and then signed by the Chair as a correct record.

#### **47. Mazars Audit Progress Report**

Members considered a paper from Mazars, the Council's external auditors, reporting on progress in delivering their responsibilities as auditors.

The Engagement Lead (Partner) and Senior Manager, Mazars, attended the meeting to present the report. They stated that the audit was currently well on track. In response to Member questions they stated that benchmarking had been sent to the Committee following the previous meeting.

Resolved: That Members note the matters set out in the Progress report presented by Mazars.

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

#### **48. Mazars Audit Strategy Memorandum 2018/19**

Members considered a paper from Mazars which summarised their audit approach, highlighted significant areas of key judgements and provided details of the audit team.

The Engagement Lead (Partner) and Senior Manager, Mazars presented the report. They highlighted some key information in the report, such as key risks identified, proposed response to those risks and the approach to the Value for Money conclusion. They stated that results would be reported back in the July Audit Completion Report. In response to Member questions they stated:

- Headline materiality had been rounded to around £8 million from a very precise figure of £8.2 million and had been driven by users of the accounts and what they felt

may be material to their judgements. The trivial level was 3% of headline materiality, which was consistent across audit suppliers. That could lead to a change in the reporting level to this Committee. As this was currently just a plan, they would report back when actual figures were available;

- The Defined Benefit Liability Evaluation remained the same as the previous year;
- In relation to remuneration and exit packages they would generally focus on arrangements around Senior Officer departures during the year, as they were of wider interest and more sensitive;
- Member involvement in Non Disclosure Agreements would be in line with a Council's Constitution and scheme of delegation. They did not have detail on what level of involvement Members had at other Councils but would look into this and circulate any information to the Committee after the meeting;
- PSAA (Public Sector Audit Appointments) allocated work and set fees following a procurement exercise;
- Independence policies referred to on page 39 of the report would be circulated to the Committee following the meeting; and
- On the risks around Financial Stability, particularly in the areas of Adult Social Care and Children's Social Care, they would be looking more closely at how the Council was seeking to manage those areas.

Resolved: That Members note the matters set out in the Progress report presented by Mazars.

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

#### **49. Annual Grants Report 2017/18**

Members considered a paper from Mazars, reporting on progress in delivering their responsibilities as auditors.

The Engagement Lead (Partner) and Senior Manager, Mazars presented the report. They gave a brief background to the report and highlighted that:

- Audit amendments were few and small in nature;



- Their qualification letter highlighted a small number of minor matters, less than were traditionally found elsewhere;
- It was positive to note that management had taken action to prevent similar issues from arising in future;
- There were no issues in relation to the Homes England return; and
- There were only minor matters in the Teacher's Pension Scheme (TPS) return, which resulted in very minor amendments.

Resolved: That Members note the matters set out in the Progress report presented by Mazars.

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

#### **50. Counter Fraud Framework Update**

Press and Public were excluded at this point in the meeting as per minute item 44.

The Council approved a new counter fraud and corruption strategy and associated action plan in 2017. Members considered a report containing the second annual review of the strategy. It updated the Committee on progress against the actions set out in the strategy over the previous two years and added new actions for the next financial year. In addition the Council's counter fraud risk assessment had been updated to reflect fraud risks facing the Council.

The Head and Deputy Head of Internal Audit, Veritau attended the meeting to present the report. They stated that there had been a review of the policy framework with no changes necessary. There were proposals being considered for a new National strategy and so they may need to revisit the framework later in the year. In response to Member questions they stated that:

- Increases noted were due to a combination of more fraud and better detection. Targeted investigation was being done in areas of more benefit to the Council;
- An article could be included in the 'Our City' publication on how to report fraud;

- There was value in prevention, not just in detection and financial savings made; and
- Figures on savings made, taking into account costs, would be shared with the Committee following the meeting.

Resolved: Members provided comment on:

1. the updated Counter Fraud and Corruption Strategy Action Plan.
2. updated Fraud Risk Assessment and proposed priorities for counter fraud work.

Reason:

1. In accordance with the committee's responsibility for assessing the effectiveness of the Council's counter fraud arrangements.
2. To ensure that scarce audit and counter fraud resources are used effectively.

#### **51. Audit & Counter Fraud Plan & Consultation**

Members considered a report which sought their views on priorities for internal audit for 2019/20, to inform the preparation of the annual audit plan.

The Head and Deputy Head of Internal Audit presented the report. They stated that once the plan was developed, following their comments and consultation with relevant Officers, it would be brought to the next meeting for approval. In response to Member questions they stated:

- Some systems were inherently flawed and open to potential fraud which meant that, in some cases, there was little the Council could do. When fraud was identified and it was found that controls were absent, or not operating correctly, changes would be always be recommended to management

Members highlighted the following areas as their priorities for audit:

- Home working
- Staff sickness (in particular recording absence)
- Spending on external legal advice

- Home to School Transport
- Information Governance/Open Data (role/quality/management)
- Implementation of Veritau and Project Management

Members also requested that some time be allocated on the plan for working with the Committee on governance and oversight effectiveness and to make the best use of their time.

Resolved: Members provided comment on the proposed approach to internal audit planning for 2019/20 and identified the specific areas detailed above to be considered a priority for audit.

Reason: To ensure that scarce audit resources are used effectively.

## **52. Whistleblowing Policy**

Members considered a report discussing whistleblowing activity in the current financial year. The report also included a proposed new whistleblowing policy, for comment.

The Head and Deputy Head of Internal Audit presented the report. They explained that the policy set out to reaffirm the Council's commitment to offer protection to employees who chose to use this process. In response to Member questions they stated:

- There was no complete record held of whistleblowing reports. Veritau and HR were sometimes unaware of instances when line management dealt with the issues themselves. It was agreed reporting arrangements needed strengthening and once there was a more accurate record this could be reported back to Statutory Officers and the Committee;
- This policy was specific to employees who wished to raise issues. There were other channels for Members and members of the public to report concerns, for example the Veritau fraud hotline;
- Investigations would always be undertaken in an expeditious manner, but this was sometimes challenging, given the complexity of some investigations. This made it very hard to set clear time limits; and

- They were happy for Joint Standards Committee to look at the policy, but reiterated that this was a policy for employees. The Deputy Monitoring Officer highlighted that there were separate mechanisms for Members to report issues;

During discussion Members made the following comments:

- Consultation could have included Members from the opposition, Scrutiny Chairs, Joint Standards Committee;
- Detail on best practice from elsewhere could have been looked at;
- Anonymous whistleblowing was no less powerful than other complaints. This judgement should be based on the complaint, not the source;
- 10 working days was too long to make contact with someone who was whistleblowing. An immediate acknowledgement (within 1 working day) should be given to the individual, even if it would take time to give a fuller response;
- The policy should be as accessible as possible, perhaps advertised via posters in the workplace. The previous policy contained the line 'If in doubt, raise it' which was effective and could be retained;
- The line 'disciplinary action may be taken...' (3.3, p. 124) could be changed to read 'disciplinary action *will* be taken...'
- Members should have some oversight of NDA's, perhaps via Staffing Matters & Urgency Committee;
- Where a whistleblowing report involved a Councillor, the Joint Standards Committee should be involved as soon as possible; and
- A key issue was for HR to now keep a full and accurate record of whistleblowing incidents. This figure should be reported to this Committee on a regular basis. The importance of this should be highlighted in the Manager's Whistleblowing Policy.

In relation to discussion on Non-disclosure agreements Officers stated they were unsure of the exact detail of Member involvement in Non-disclosure agreements, but would look into this for Members. It was suggested this be discussed under the Forward Plan (minute item 57).

Resolved: Members noted the whistleblowing activity during 2018/19 and provided comments on the proposed new policy and guidance.

Reason: In accordance with the committee's responsibility to assess the effectiveness of the council's counter fraud arrangements including the whistleblowing policy and other relevant counter fraud policies and plans.

### **53. PSAS Report**

Members considered a report presenting the outcome of the recent external assessment of the Council's internal audit service against the Public Sector Internal Audit Standards (PSIAS).

The Head of Internal Audit (Veritau) and Corporate Finance & Commercial Procurement Manager (CYC) presented the report. They stated that, as part of the Public Sector Internal Audit Standards, Veritau were subject to external audit every 5 years. This assured the Council that it could rely on their findings and opinions. The South West Audit Partnership had conducted this assessment and were happy overall with how Internal Audit was conducted. They had also highlighted some areas for improvement and work to be done.

Members provided the following comments:

- To carry forward the recommendation for Head of Internal Audit to meet with the Chair of the Audit & Governance Committee at least once a year; and
- That, in future, this report should be presented by someone external to Veritau;

Veriatau stated that they would come back to Members with detail on '2050 - Co-ordination (agenda page 148)' where they had been graded 'Partially Conforms', but without further explanation as to why.

Resolved: Members noted the outcome from the November 2018 external assessment of internal audit and provided comment on the proposed actions set out in figure 1.

Reason: In accordance with the committee's responsibility for considering whether internal audit conforms with professional standards.

#### **54. Information Governance & Complaints**

Members considered a report providing them with updates in respect of Information governance, ICO decision notices, a personal data breach and LGCSO Complaints (December 2018 to January 2019).

The Information Governance & Feedback Team Manager attended the meeting to present the report. They stated that during Q3 there had been a slight fall under the 90% target level, but that was a usual dip in that quarter due to being a peak leave period, but that it was usual for the Q4 performance to remain up and over 90%.

There had been 4 ICO (Information Commissioner's Office) decision notices since December, 1 of which was upheld and 1 partly upheld. The previously reported personal data breach had been passed on to a senior investigator with no further update. 5 decisions had been made by the LGCSO (Local Government and Social Care Ombudsman) since December, none were upheld. In response to Member questions they stated:

- The number of FOI and EIR requests received was not a clear indicator of transparency. Many responses stated that the information was already publicly available. Comparator figures with other Councils (via the West Yorkshire Lawyers Forum) could be included in the next report to Committee or within the year end report; and
- The Information Governance Team were hoping to update their dashboard on the website with 'near miss' data. Reporting this data needed to be published carefully so as not to put people off reporting these instances.

Resolved: That Members note the performance levels contained in the report.

Reason: To keep Members updated.

**55. Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators**

Members considered a statutory report setting the strategy for treasury management and specific treasury management indicators for the financial year 2019/20. The Corporate Finance & Commercial Procurement Manager attended the meeting to present the report.

The Chair thanked Officers, on behalf of the Committee, for the Treasury management training session prior to the meeting.

Resolved: That Members note the treasury management strategy statement and prudential indicators for 2019/20 to 2023/24.

Reason: In order that those Members responsible for scrutiny and governance arrangements are properly updated and able to fulfil their responsibilities in scrutinising the strategy and policy.

**56. Internal Audit Service Contract**

Members considered a report which sought their views on the draft Executive report (attached at Annex 1) regarding the new internal audit services contract for the period 2020-30.

The S151 Officer and Head of Internal Audit left the room during this item.

The Corporate Finance & Commercial Procurement Manager presented the report. They stated that this was an updated report, following Member comments at the previous meeting.

During discussion Members stated that it would be helpful if some disadvantages of bringing the service back 'in-house' be included to provide balance. They also requested that Officers provide the Committee with some more detailed figures in relation to the implementation costs of the options presented, for example the cost of the IT system.

Some Members stated that they would be more comfortable with a shorter contract, but that given the relatively small market for these services 10+5 was reasonable. Officers stated it would

be unusual to offer a shorter contract to a company the Council owned.

Resolved: That the Committee's comments be included in the report to Executive.

Reason: To provide the views of Audit & Governance Committee on the proposal to provide a value for money internal audit and counter fraud function to the Council.

## **57. Forward Plan**

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

Members requested that some independent advice on handling personal data be given at a future meeting.

Some Members suggested that the Chief Executive be invited to an informal meeting with the Committee ahead of the election.

6 March 2019 – Additional report on Non-disclosure Agreements

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

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

Councillor Cannon, Chair

[The meeting started at 5.30 pm and finished at 8.10 pm].





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Audit & Governance Committee

6 March 2019

Report of the Head of Human Resources

## Non-Disclosure Agreements

### Summary

1. Following Members' request at the last Audit and Governance Committee, this Report provides an explanation of the concept and use of "non disclosure agreements" by CYC in the context of employment law.

### Recommendation

2. That the Report be noted.

### Background

3. At the last Audit and Governance Meeting Members' requested a Report explaining the concept and use of "Non-Disclosure Agreements" in the employment law context. Members also asked what involvement Councillors had in relation to such agreements.

### What is a Non-Disclosure Agreement

4. A Non Disclosure Agreement is defined as "a **contract** through which the parties agree not to **disclose** information covered by the **agreement**. A NDA creates a confidential relationship between the parties to protect any type of confidential and proprietary information or trade secrets. As such, a NDA protects **non**-public business information." (Wikipedia)
5. In an employment law context, in order to give effect to a mutual termination of employment, a "Settlement Agreement" will include a non-disclosure clause. (Appendix 1 shows an example). "Settlement agreements are legally binding contracts that waive an individual's rights to make a claim covered by the agreement to an employment tribunal or court." (ACAS) . The agreement is between the employer and the

employee. Payment made is made on a commercial basis, and is dependent upon risk and circumstances. The financial settlement is usually linked to what the employee would have received in notice entitlement.

6. Settlement Agreements are not used to “dismiss” employees (other than in a redundancy situation). They are an agreement to mutually terminate employment for particular reasons.

### **Existing Legal Safeguards in Use of Settlement Agreements**

7. The Employment Rights Act 1996 (inter alia), requires certain conditions to be met for a settlement agreement to be valid, including:
  - The agreement must be in writing.
  - The agreement must relate to a "particular complaint" or "particular proceedings".
  - The employee must have received legal advice from a relevant independent adviser on the terms and effect of the proposed agreement and its effect on the employee's ability to pursue any rights before an employment tribunal.
  - The independent adviser must have a current contract of insurance, or professional indemnity insurance, covering the risk of a claim against them by the employee in respect of the advice.
  - The agreement must identify the adviser.
  - The agreement must state that the conditions regulating settlement agreements under the relevant statutory provisions have been satisfied.
8. At CYC the Director approves and must seek the approval of the Section 151 Officer. Where a settlement agreement involves a Chief Officer then the Chief Executive would consult with the Leader.
9. When a settlement agreement is considered in a school, the Headteacher seeks approval via the Governing Body.
10. Prior to agreeing a settlement agreement there has been involvement of the relevant Manager, a HR Manager and the Councils Employment Lawyer to assess the suitability of use of a settlement agreement. Only where it is deemed appropriate and in the best interest of the Council will it progress to the Director and Section 151 Officer for approval. Where a Chief Officer is involved in addition to the above the Head of HR, Chief

Executive and Leader would also be involved before the settlement agreement is approved.

11. If the employee is a member of a trade union, their representative will be involved in the process. In York, trade union colleagues are very familiar with the practice and often propose this as a solution to the situation for their member and the organisation. This would then be duly considered. The employee must obtain legal advice prior to signing the legally binding document.
12. Settlement agreements are not used in relation to safeguarding matters.
13. Settlement agreements cannot prevent future litigation in an employment tribunal on the grounds of discrimination or whistle blowing.

### **Member Involvement in Settlement Agreements**

14. Whether a settlement agreement is appropriate in an employment situation is considered on a case by case basis by the relevant Officer tasked with the operational management of staff, with the benefit of professional legal and HR advice. The Head of Paid Service and Council Directors are responsible for all staffing matters other than for Chief Officers. Involvement by Members in general staffing matters would be inappropriate and likely to contravene the law relating to Members' access to information, which is set out at Part 5 to the Council's Constitution. It would also give rise to a significant risk of breach of confidentiality that could result in financial and reputational damage to the Council.
15. Directors have delegated responsibility for all of their functions, including staffing, provided such matters are not decisions which explicitly require Executive approval, for example where values exceed officer delegation, or where the decision is regarding Chief Officers.
16. Only where the employment situation concerns a Chief Officer would those Members specified within the processes set out in the Constitution be involved in any employment matter. (see Constitution: Intro 1.11.2 and Section 3C Page 17 Para 9).

### **Analysis of Settlement Agreements within the Council (Exc Schools)**

17. The table below shows the number of settlement agreements used since 2016.

Year	Schools	Council
2016	12	3
2017	5	1
2018	5	2

18. Business Cases for the agreements within the local authority were considered by the relevant officers as set out earlier in the report. Any decisions and subsequent payments made were based on the financial cost in conjunction with an assessment of risk and resource implications to the local authority.

### Options

19. Not relevant for the purpose of this Report.

### Analysis

20. Not relevant for the purpose of this Report.

### Council Plan

21. The explanation for Members of the concept and use of non-disclosure agreements helps support the overall aims and objectives of the Council by informing Members' understanding of the necessary separation of roles between Officers and Members where employment matters are concerned. Member involvement in employment matters is limited to that necessary in line with the Council's Constitution relating to Chief Officers.

### Implications

22. There are no implications to this Report in relation to:

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

23. There are no direct implications from this Report in relation to HR or legal matters. There are however wider implications for the Council in relation to any breach of a non-disclosure agreement. A breach of confidentiality

could result in the Council being sued and thus any sharing of information relating to non-disclosure agreements increases risk of serious financial and reputational damage to the Council.

### **Risk Management Assessment**

24. A clear distinction of the role of members and officers in relation to operational management of employees is important to understand. Only Members identified as having a role to play in the management of Chief Officers within the Council's Constitution can be concerned with employment decisions. All other operational HR management is outside the remit of Members. It is paramount that confidentiality is maintained in relation to non-disclosure agreements in the employment context and that information is not shared wider than is legally necessary within or outside the Organisation. Having clear guidance on the law in respect of the limitations on Member's access to information within the Council's Constitution is important in managing risk. This clear guidance is already contained within the Council's Constitution.

### **Recommendation**

25. That the report be noted

Reason: In accordance with the Committees responsibility to assess the effectiveness of the Council's guidance on Members' access to information and the distinction of the roles of Members and Officers in operational management of employees (other than Chief Officers), as set out in the Council's Constitution.

**Contact Details**

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**Chief Officer Responsible for the report:**  
**Ian Floyd**  
Corporate Director of Customer and  
Corporate Services

**Report**  **Date** 26 Feb 2019  
**Approved**

**Specialist Implications Officer(s)** List information for all

Peter Cairns, Senior Lawyer (Employment)

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

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

**Annexes**

Annex 1 Extract from CYC Settlement Agreement Template

## **Annex 1 Extract from CYC Settlement Agreement Template**

### **7. Confidentiality and other restrictions**

- 7.1 The parties confirm that they have kept and agree to keep the existence and terms of this agreement confidential, except where disclosure is to HM Revenue & Customs, their professional advisers, members of their immediate family (provided that they agree to keep the information confidential) or is required by law.
- 7.2 You shall not make any adverse or derogatory comment about us, our officers, employees or workers and we shall use reasonable endeavours to ensure that our officers, employees and workers shall not make any adverse or derogatory comment about you. You shall not do anything which shall, or may, bring us, our officers, employees or workers into disrepute and we shall use reasonable endeavours to ensure that our officers, employees and workers shall not do anything that shall, or may, bring you into disrepute.
- 7.3 The Employer agrees to provide a reference on letter headed paper in the terms agreed at Schedule 4 in respect of any request for a written reference from a prospective employer of the Employee. Such reference will be given within a reasonable period of a request being received. The Employer agrees not to materially depart from the terms of the said reference in respect of any oral enquiries. Where supplementary questions are asked by the prospective employer and/or a proforma request is received the Employer agrees to respond in terms no less favourable than those set out in the attached draft. The Employer agrees it will not in any circumstances use the term 'agreed reference' or infer that the reference was agreed as part of a settlement agreement.
- 7.4 If the Employer obtains information after the date of this agreement which would have affected its decision to provide a reference in the form in Schedule 4, it shall inform the Employee and may decline to give a reference.
- 7.5 Nothing in this Clause 7 shall prevent you from making a protected disclosure under section 43A of the Employment Rights Act 1996, making a disclosure to a regulator regarding any malpractice, reporting a criminal offence to any law enforcement agency or assisting with a criminal investigation or prosecution, and nothing in this clause shall prevent us from making such disclosure as we are required by law to make.

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**Audit & Governance Committee****6 March 2019**

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

**Monitor 4 2018/19 - 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 KCR6 (Health and Wellbeing) is included at Annex B.

**Background**

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

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

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

9. There are currently 12 KCRs which are included at Annex A in further detail, alongside progress to addressing the risks.
10. In summary the key risks to the Council are:
  - KCR1 – Financial Pressures: The Council's increasing collaboration with partnership organisations and ongoing government funding cuts will continue to have an impact on Council services
  - KCR2 – Governance: Failure to ensure key governance frameworks are fit for purpose.
  - KCR3 – Effective and Strong Partnership: Failure to ensure governance and monitoring frameworks of partnership arrangements are fit for purpose to effectively deliver outcomes.

- KCR4 – Changing Demographics: Inability to meet statutory deadlines due to changes in demographics
- KCR5 – Safeguarding: A vulnerable child or adult with care and support needs is not protected from harm
- KCR6 – Health and Wellbeing: Failure of Health and Wellbeing Board to deliver outcomes, resulting in the health and wellbeing of communities being adversely affected.
- KCR7 – Capital Programme: Failure to deliver the Capital Programme, which includes high profile projects
- KCR8 - Local Plan: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding
- KCR9 – Communities: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.
- KCR10 – Workforce Capacity: Reduction in workforce/ capacity may lead to a risk in service delivery.
- KCR11 – External market conditions: Failure to deliver commissioned services due to external market conditions.
- KCR12 – Major Incidents: Failure to respond appropriately to major incidents.

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

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

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

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

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

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

14. KCR1 Financial Pressures. A new control has been added as the action to develop the Financial Strategy 2019/20 is completed and the new action to complete the 2020/21 Financial Strategy has been added.

15. KCR6 – Health and Wellbeing. New risk details, implications and controls have been added which are covered in further detail in Annex B.

16. KCR7 Capital Programme. A new control has been added as the action to develop the Capital Strategy 2019/20 is completed and the new action to complete the 2020/21 Capital Strategy has been added.

17. Further details on the above are included at Annex A.

#### **Options**

18. Not applicable.

## **Council Plan 2015 - 2019**

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

### **Implications**

20. There are no further implications.

### **Risk Management**

21. 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**

22. Audit and Governance Committee are asked to:
- (a) consider and comment on the key corporate risks included at Annex A;
  - (b) consider and comment on the information provided in relation to KCR6 Health and Wellbeing included at Annex B;
  - (c) note that the 2019/20 Monitor 1 report will include a detailed analysis of KCR7 Capital Programme;
  - (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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**Report  
Approved ✓**

**Date  
20/3/19**

**Specialist Implications Officer(s)**

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**Wards Affected** All

**Annexes**

A – Key Corporate Risk Register

B – Analysis of KCR6 Health and Wellbeing

C - Risk Scoring Matrix

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M3 2018**

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Reduction in government grants leading to the necessity to make savings</p> <p>Increased service demand and costs (for example an aging population).</p> <p>Financial pressures on other partners that impact on the council</p>	<p>Potential major implications on service delivery</p> <p>Impacts on vulnerable people</p> <p>Spending exceeds available budget</p>	Probable	Major (20)	<p>Regular budget monitoring</p> <p>Effective medium term planning and forecasting</p> <p>Chief finance officer statutory assessment of balanced budget</p> <p>Regular communications on budget strategy and options with senior management and politicians</p> <p>Skilled and resourced finance and procurement service, supported by managers with financial awareness</p> <p>Efficiency Plan agreed by Executive June 2016 secured funding until 2019/20</p> <p>Ongoing analysis of 'no deal' Brexit implications through reports to Executive</p> <p><b>NEW</b> - Financial Strategy 2019/20 approved</p>	Possible	Moderate (14)	New Control and Action	<p><b>COMPLETED</b> - Development of budget strategy for 2019-20 (Ian Floyd, 31/01/2019)</p> <p><b>NEW</b> - Development of budget strategy for 2020/21 (Ian Floyd, 31/01/2020)</p>

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M3 2018**

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

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



**ANNEX A  
KEY CORPORATE RISK REGISTER AT M3 2018**

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

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M3 2018**

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively monitor and manage partnerships</p> <p>Partner (especially NHS, Academies) financial pressures may affect outcomes for residents</p> <p>Unilateral decisions made by key partners may effect other partners' budgets or services</p> <p>Financial pressure on York Teaching Hospitals NHS Foundation Trust (YTHFT) and Vale of York Clinical Commissioning Group (VOYCCG)</p>	<p>Key partnerships fail to deliver or break down</p> <p>Misalignment of organisations' ambitions and direction of travel</p> <p>Ability to deliver transformation priorities undermined</p> <p>Adverse impact on service delivery</p> <p>Funding implications</p> <p>Reputational impact</p>	Probable	Major (20)	<p>Account management approach to monitoring key partnerships</p> <p>Internal co-ordination such as Creating Resilient Communities Working Group (CRCWG)</p>	Possible	Moderate (14)	No change	Ongoing action - Monitoring of controls (CMT, 31/03/2019)

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M3 2018**

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Development and regeneration makes York more desirable and accessible to residents, students and business, resulting in increasing inward migration to York.</p> <p>An increase in the aging population requiring services from the council</p> <p>Increase in complexity of needs as people get older</p> <p>Increase in people living with dementia</p> <p>Increase in ethnic diversity 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>Demographic of workforce supply unable to meet</p>	<p>Increased service demand from residents, including; statutory school placements, SEND, mental health, adult social care and environmental services (eg waste collection)</p> <p>Increased service demand in relation to business (eg Regulation, Planning)</p> <p>Impact of additional demands cause significant financial and delivery challenges, such as a rise in delayed discharges</p> <p>Reputational impact as these mainly impact high risk adult and children's social care service areas</p> <p>Unable to recruit workers in key service areas eg care workers</p>	Probable	Major (20)	<p>Place planning strategy to ensure adequate supply of school places</p> <p>DfE returns and school population reported every 6 months</p> <p>Local area working structures in frontline services, including Early intervention initiatives and better self-care</p> <p>Assessment and Care management review underway, to better manage adult social care demand on CYC</p> <p>Advice and Information Strategy underway, to provide residents with direct access to support and services, to better manage adult social care demand on CYC</p> <p>Investment in support brokerage work with NHS integrated commissioning</p> <p>Stakeholder and officer group, to create a more connected and integrated health and social care system.</p> <p>Officer caseload monitoring</p>	Possible	Major (19)	No change	<p>Ongoing Action - Ensure adequate supply of schools places (CYC Place Planning Strategy, Governance Structure) (Amanda Hatton, 31/03/2019)</p> <p>Further redesign and implementation of new arrangements for early intervention and prevention (Sophie Wales, 30/6/2019) – <b>REVISED DATE</b></p> <p>Assessment and care management Review (Sharon Houlden, 31/03/2019)</p> <p>Advice and Information Strategy and Action Plan (Sharon Houlden, 31/12/2018)</p> <p>Undertake a review to link the Local Plan</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
workforce demand  Failure to plan for the impact of a rapid change in demographics to front line service provision				Internal co-ordination such as Creating Resilient Communities Working Group (CRCWG)  York Skills Plan to 2020				and Major development projects to determine the impact on all CYC services, start date Dec 18 (CMT, 31/03/19)

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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
Failure to protect a child or vulnerable adult from death or serious harm (where service failure is a factor)	<p>Vulnerable person not protected</p> <p>Children's serious case review or lessons learned exercise</p> <p>Safeguarding adults review</p> <p>Reputational damage</p> <p>Serious security risk</p>	Probable	Major (20)	<p>Safeguarding sub groups</p> <p>Multi agency policies and procedures</p> <p>Specialist safeguarding cross sector training</p> <p>Quantitative and qualitative performance management</p> <p>Reporting and governance to lead Member, Chief Executive and Scrutiny</p> <p>Annual self assessment, peer challenge and regulation</p> <p>Audit by Veritau of Safeguarding Adults processes</p> <p>Children's and Adults Safeguarding Boards (LSCB &amp; ASB)</p> <p>Ongoing inspection preparation &amp; peer challenge</p> <p>National Prevent process</p> <p>DBS checks and re-checks</p> <p>Effectively resourced and well managed service</p> <p>Safeguarding Board annual plan</p>	Possible	Major (19)	No change	<p>New Children's Social Care records system (Amanda Hatton, 31/03/2019)</p> <p>Ongoing action Safeguarding Board annual action plan 2019/20 (Sharon Houlden, 31/03/2019)</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
				2018/19 is approved  Controls implemented from peer review action plan  CORAG (Chief Officer Reference and Accountability Group) which brings together Chief Officers from relevant organisations in relation to safeguarding eg police, CYC  Community Safety Plan 2017 to 2020 agreed by Executive 28 Sep 17  Completed restructure of Children's social care services				

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KEY CORPORATE RISK REGISTER AT M3 2018**

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Outcomes may be difficult to evidence due to longevity</p> <p>Lack of capacity within the team and/or specialist skills</p> <p>Failure to deliver Health and Wellbeing responsibilities</p> <p>Failure to integrate Public Health outcomes across CYC and the health and social care system</p> <p>Reliance on strategic partners</p> <p>Partner and stakeholder financial pressures may effect outcomes</p> <p><b>NEW</b> - Central government cuts to public health funding</p>	<p>Health and wellbeing of the local population is adversely affected</p> <p>Key objectives are not delivered</p> <p>Reputational damage</p> <p><b>NEW</b> - Vaccine preventable disease outbreaks</p> <p><b>NEW</b> - Unable to reduce the gaps in life expectancy</p> <p><b>NEW</b> - Failure to narrow the gap in health inequalities</p>	Probable	Major (20)	<p>The Health and Wellbeing Board has oversight of the Joint Health and Wellbeing Strategy for 2017-2021</p> <p>The Health and Wellbeing Board is responsible for producing a Joint Strategic Needs Assessment</p> <p>The Public Health Strategy which helps to embed the public health priorities across all areas of the Council's business</p> <p><b>NEW</b> - Public Health self assessment and peer review challenge</p> <p><b>NEW</b> - Pharmaceutical needs assessment</p> <p><b>NEW</b> - Local health protection committee</p> <p><b>NEW</b> - Local health resilience partnership</p> <p><b>NEW</b> - HHASC scrutiny</p>	Possible	Moderate (14)	New details and controls	Development of the Public Health Strategy for 2019 to 2030 - Sharon Stoltz (Sharon Stoltz, 31/1/2019)

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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 £360m from 2018/19 to 2022/23. The schemes range in size and complexity but are currently looking to deliver two very high profile projects, the Community Stadium and York Central, which are key developments for the city.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Complex projects with inherent risks</p> <p>Large capital programme being managed with reduced resources across the Council</p> <p>Increase in scale of the capital programme, due to major projects and lifting of borrowing cap for Housing</p>	<p>Additional costs and delays to delivery of projects</p> <p>The benefits to the community are not realised</p> <p>Reputational Damage</p>	Probable	Major (20)	<p>Project boards and project plans</p> <p>Regular monitoring of schemes</p> <p>Capital programme reporting to Executive and A&amp;G</p> <p>Financial, legal and procurement support included within the capital budget for specialist support skills</p> <p>Revised Project Management Framework</p> <p>Additional resource to support project management</p> <p><b>NEW</b> - Capital Strategy 2019/20 to 2023/24 approved in Feb 2019</p>	Possible	Moderate (14)	New Control and Action	<p><b>COMPLETED</b> - Development of capital strategy for 2019-20 (Ian Floyd, 31/01/2019)</p> <p><b>NEW</b> - Development of capital strategy for 2020-21 (Ian Floyd, 31/01/2020)</p>



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

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

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

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively engage with the communities we serve</p> <p>Failure to contribute to the delivery of safe communities</p> <p>Failure to effectively engage stakeholders (including Members and CYC staff) in the decision making process</p> <p>Failure to manage expectations</p> <p>Communities are not willing/able to fill gaps following withdrawal of CYC services</p> <p>Lack of cohesion in the planning and use of CYC and partner community based assets in the city</p>	<p>Lack of buy in and understanding from stakeholders</p> <p>Alienation and disengagement of the community</p> <p>Relationships with strategic partners damaged</p> <p>Impact on community wellbeing</p> <p>Services brought back under council provision – reputational and financial implications</p> <p>Budget overspend</p> <p>Create inefficiencies</p> <p>Services not provided</p> <p>Poor quality provision not focused on need, potential duplication, ineffective use of resources, difficulty in commissioning community services e.g. Library services</p>	Probable	Major (20)	<p>Creating Resilient Communities Working Group (CRCWG)</p> <p>New service delivery models, including Local Area Teams. Local Authority Co-ordination Neighborhood Working</p> <p>Revised Community Safety Plan</p> <p>Devolved budgets to Ward Committees and delivery of local action plans through ward teams</p> <p>Local area working restructures for Children’s, Adults and Housing Services</p> <p>Improved information and advice, Customer Strategy and ICT support to facilitate self service</p> <p>CYC Staff and Member training and development</p>	Possible	Major (19)	No change	<p>Develop a Community Engagement Strategy (Amanda Hatton, 31/12/2019)</p> <p>New framework of consultation across the City to support the Community Engagement Strategy (Claire Foale 31/3/19)</p>

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M3 2018**

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

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

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M3 2018**

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

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

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M3 2018**

**KCR 12 MAJOR INCIDENTS: Failure to respond appropriately to major incidents.** Local Authorities are required by law to make preparations to deal with emergencies. Local Authorities have four main responsibilities in an emergency 1. to support the Emergency Services, 2. to co-ordinate non-emergency organisations, 3. to maintain their own services through a robust Business Continuity Management process and 4. to facilitate the recovery of the community. The Council must ensure that its resources are used to best effect in providing relief and mitigating the effects of a major peacetime emergency on the population, infrastructure and environment coming under it's 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
An uncoordinated or poor response to a major incident such as: <ul style="list-style-type: none"> <li>Flood</li> <li>Major Fire</li> <li>Terrorist Attack</li> <li>Outbreak of Communicable disease</li> </ul>	Serious death or injury Damage to property Reputational damage Potential for litigation Potential for corporate manslaughter charges if risks are identified and proposed actions not implemented	Probable	Catastrophic (24)	Emergency planning and Business Continuity Plans in place and regularly reviewed  Strong partnerships with Police, Fire, Environment Agency and other agencies  Support to Regional Resilience forums  Support and work in partnership with North Yorkshire local resilience forums  Investment in Community Resilience (re Flooding)  Work with partners across the city to minimise the risk of a terrorist attack  Implemented physical measures for	Possible	Major (19)	No change	Ongoing action: Regular review of emergency and business continuity plans (Neil Ferris, 31/3/19)  Director of Public Health Annual Health Protection Assurance Report to the Health and Wellbeing Board (Sharon Stoltz, 31/03/19)

**ANNEX A  
KEY CORPORATE RISK REGISTER AT M3 2018**

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>certain events</p> <p>Review of city transport access measures (Exec Feb 18, Sep 18)</p> <p>Strong partnerships with Public Health England and the NHS via the Local Health Resilience Partnership and Director of Public Health (DPA) Health Protection Assurance Committee</p> <p>The Health and Wellbeing Board have set up a multi agency Health Protection Committee to deal with communicable disease</p>				

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**Annex B**

**Analysis of Key Corporate Risk 6 – Health and Wellbeing**

1. This Annex provides a more detailed analysis of KCR6, Health and Wellbeing.
2. **Inability to fulfil the statutory duties of the Director of Public Health to improve the health and wellbeing, reduce health inequalities and ensure that the population is protected against vaccine preventable disease.** Poor governance or financial pressures (partners or Council) may lead to failure to adequately perform these functions, resulting in the health and wellbeing of residents of York being adversely affected.

**Risk Detail**

3. Central government cuts to public health funding

Unable to fulfil the statutory duties of the Director of Public Health

4. Outcomes may be difficult to evidence due to longevity

The nature of public health is such that marked improvements to the health and wellbeing of the population can take years, sometimes decades.

5. Lack of capacity within the team and/or specialist skills

In order to carry out the statutory duties of the Director of Public Health specialist skills are required within the team as set out in the UKPHR knowledge and skills framework.

6. Failure of the Health and Wellbeing Board to deliver on its responsibilities

The York Health and Wellbeing Board has a key strategic role in carrying out assessments of the health and wellbeing needs of the people of York and in developing strategies to meet those needs. It also has a role in encouraging health and social care providers to work together to meet those needs.

7. Failure to integrate Public Health outcomes across CYC and the health and social care system

In order to advance the health and wellbeing of the residents of York, encourage persons who arrange for the provision of any health and social care services to work in an integrated manner.

Embed Health in all policies across CYC

8. Reliance on strategic partners

The inability to exercise the functions of a local authority and its partner clinical commissioning groups under sections 116 and 116A of the Local Government and Public Involvement in Health Act 2007 relating to joint strategic needs assessments, and the joint health and wellbeing strategy.

**Annex B**

**Analysis of Key Corporate Risk 6 – Health and Wellbeing**

9. Partner and stakeholder financial pressures may effect outcomes

Reduced investment in local delivery of clinical and non clinical services may have a negative health outcome for the population.

**Implications**

10. The implications for the Council include;

- Health and wellbeing of the local population is adversely affected
- Key objectives are not delivered
- Reputational damage
- Vaccine preventable disease outbreaks
- Unable to reduce the gaps in life expectancy
- Failure to narrow the gap in health inequalities

**Controls**

11. The controls in place include;

Health and Wellbeing Board responsibly

12. The Health and Wellbeing Board has oversight of the Joint Health and Wellbeing Strategy for 2017-2021 and is responsible for monitoring of outcomes through regular progress reports and a performance management framework.

13. The Health and Wellbeing Board is responsible for producing a Joint Strategic Needs Assessment setting out the priorities for health and wellbeing which is regularly refreshed.

The Public Health Strategy

14. A Public Health Strategy which helps to embed the public health priorities across all areas of the Council's business

Self assessment, peer challenge and regulation

15. Delivering Excellence in Local Public Health (DELPH) is sector led improvement through peer challenge. It is supported by the Local Government Association, the Association of Directors of Public Health and Public Health England. The aim is to provide confidence both to internal and external stakeholders and the public

**Annex B**

**Analysis of Key Corporate Risk 6 – Health and Wellbeing**

that there is a framework in place to demonstrate continuous improvement in the delivery of public health outcomes.

Pharmaceutical Needs Assessment

16. Provides a statement of the pharmaceutical services which are required to meet the needs of the population, identifying gaps in provision.

Local Health Protection Committee

17. Provides assurance about the adequacy of prevention, surveillance, planning and response with regard to health protection issues.

Local health resilience partnership

18. Provides a strategic forum for joint planning for emergencies for the health and social care system and supports stakeholders contribution to multi-agency planning.

Health Housing and Adult Social Care Scrutiny

19. To review and scrutinise the impact of Public Health services and policies on the health of the residents of York.

**Outstanding Actions**

20. Development of the Public Health Strategy 2019-2030

**Risk Rating**

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

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Annex C- Risk Matrix

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

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**Audit and Governance Committee**

6 March 2019

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

**Mazars Audit Update Report****Summary**

1. The paper attached at Annex A from Mazars, the Council's external auditors, reports on progress in delivering their responsibilities as auditors.

**Background**

2. The report covers:
  - a) A summary of audit progress
  - b) National Publications
  - c) Contact details

**Consultation**

3. The Plan has been consulted on with the relevant responsible officers within the Customer & Corporate Services Directorate prior to it being reported to those members charged with governance at the council.

**Options**

4. Not relevant for the purpose of the report.

**Analysis**

5. Not relevant for the purpose of the report.

**Council Plan**

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

**Implications**

- 7. There are no implications to this report.

**Risk Management**

- 8. Not relevant for the purpose of the report

**Recommendations**

- 9. Members are asked to note the matters set out in the Progress report presented by Mazars.

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

**Contact Details**

**Author:**

Emma Audrain  
Technical Accountant  
Corporate Finance

**Chief Officer Responsible for the report:**

Ian Floyd  
Deputy Chief Executive/ Director of CCS

**Report  
Approved**



**Date** 26 Feb 2019

**Specialist Implications Officers**

**Wards Affected:** Not applicable

**All**

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



**Background Papers:**

None

**Annexes**

Annex A - Mazars CYC Audit Update Report March 2019

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# External Audit Progress Report

City of York Council

March 2019





## CONTENTS

- 1. Audit progress**
- 2. National publications**
- 3. Contact details**

This document is to be regarded as confidential to the City of York Council. It has been prepared for the sole use of the Audit and Governance Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

# 1. AUDIT PROGRESS

## Purpose of this report

This report provides the Audit and Governance Committee with an update on progress in delivering our responsibilities as your external auditor.

This paper also seeks to highlight key emerging national issues and developments which may be of interest to Members of the Committee.

If you require any additional information regarding the issues included within this briefing, please contact any member of your engagement team.

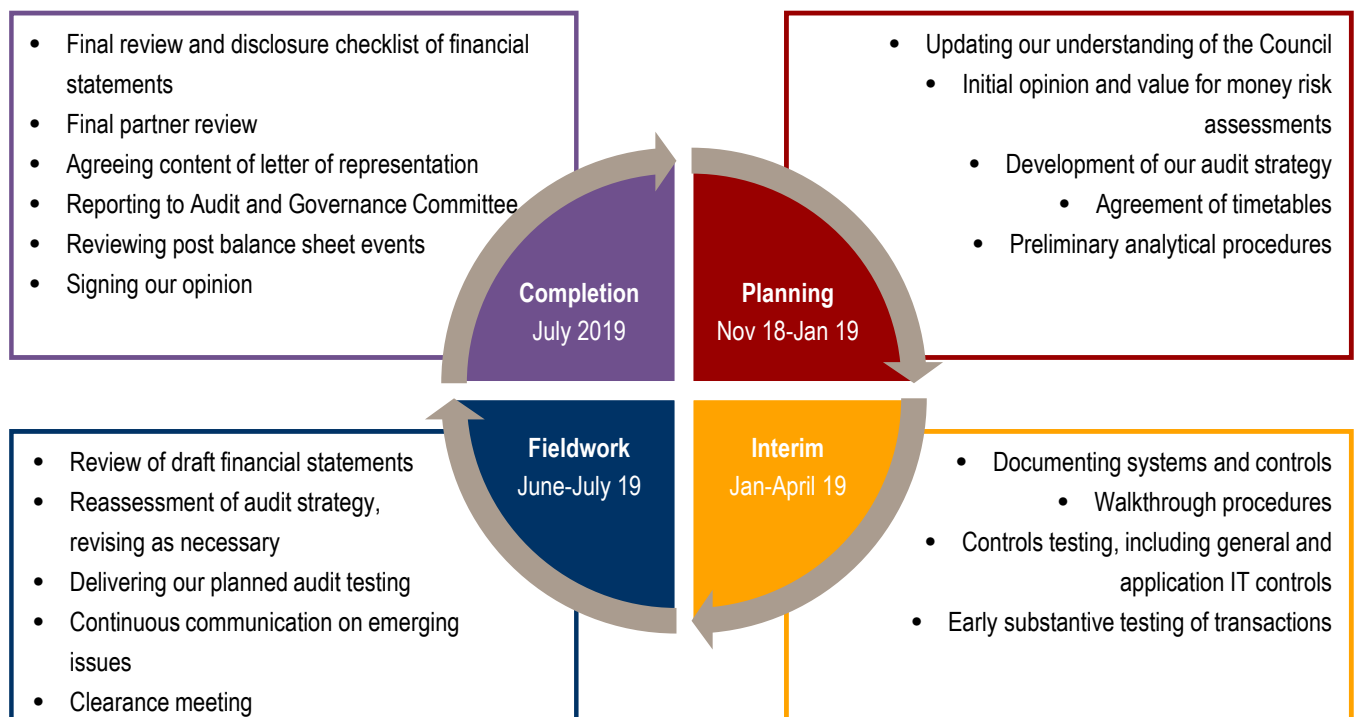
## Audit progress

Our key audit stages are summarised in the diagram shown below. Overall, our work is on track and there are no significant issues arising from our work that we need to report to you at this stage.

Details of work completed and on-going since the last Committee meeting is as follows:

- documenting systems and controls;
- walkthroughs of the key systems;
- updating our IT risk assessment;
- controls testing, including general and application IT controls;
- early substantive testing of transactions (including income and expenditure, payroll, journals and property, plant and equipment); and
- updating our VFM risk assessment and early work in response to the significant VFM risk identified within our Audit Strategy Memorandum i.e. delivering financial sustainability over the medium term.

In addition, we continue to liaise with senior officers, consider key agendas and papers and liaising with your internal auditors to share knowledge and ensure no duplication.



1. Audit progress

2. National publications

3. Contact details

## 2. NATIONAL PUBLICATIONS

	Publication/update	Key points
<b>National Audit Office (NAO)</b>		
1.	Local auditor reporting in England 2018	Main findings reported by local auditors in 2017/18.
2.	Local authorities - governance	Consideration of VfM and financial sustainability in local authorities.
3.	NHS financial sustainability	Current picture not sustainable and yet to be seen whether spending plans will deliver the change required.
4.	A review of the role and costs of clinical commissioning groups	Organisational stability needed.
<b>Public Sector Audit Appointments Ltd (PSAA)</b>		
5.	Local quality audit forum	December 18 forum slides available online.
6.	Oversight of audit quality, quarterly compliance reports	No significant issues.
<b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b>		
7.	Scrutinising Public Accounts: A Guide to Government Accounts	Online publication resource available.
8.	CIPFA Fraud and Corruption Tracker 2017/18	Annual report. Increase in fraud detected or prevented.
<b>Mazars</b>		
9.	Summary of NHS long-term plan	In this briefing on the new NHS long-term plan, Mazars have highlighted the implications of the plan for local government and the key questions that local authorities should be considering.

1. Audit progress

2. National publications

3. Contact details

## 2. NATIONAL PUBLICATIONS

### 1. Local auditor reporting in England 2018, NAO, January 2019

Since 2015, the Comptroller and Auditor General (C&AG) has been responsible for setting the standards for local public audit, through maintaining a Code of Audit Practice and issuing associated guidance to local auditors.

The report describes the roles and responsibilities of local auditors and relevant national bodies in relation to the local audit framework and summarises the main findings reported by local auditors in 2017-18. It also considers how the quantity and nature of the issues reported have changed since the C&AG took up his new responsibilities in 2015, and highlights differences between the local government and NHS sectors. The report highlights a number of points as summarised below.

- Auditors gave unqualified opinions on financial statements in 2015-16, 2016-17 and 2017-18. This provides assurance that local public bodies are complying with financial reporting requirements. As at 17 December 2018, auditors had yet to issue 16 opinions on financial statements, so this does not yet represent the full picture for 2017-18.
- Auditors qualified their conclusions on arrangements to secure value for money at an increasing number of local public bodies: up from 170 (18%) in 2015-16 to 208 (22%) in 2017-18. Again, as at 17 December 2018, auditors had yet to issue 20 conclusions on arrangements to secure value for money, so this number may increase further for 2017-18. This level of qualifications reinforces the need to ensure that local auditors' reporting informs as much as possible relevant departments' understanding of the issues facing local public bodies.
- Auditors qualified their conclusions at 40 (8%) of local government bodies. The proportion of qualifications was highest for single-tier local authorities and county councils where auditors qualified 27 (18%) of their value for money arrangements conclusions. The qualifications were for weaknesses in governance arrangements, often also highlighted by inspectorates' ratings of services as inadequate.
- More local NHS bodies received qualified conclusions on arrangements to secure VfM than local government bodies. In 2017-18, auditors qualified 168 (38%) of local NHS bodies' conclusions; up from 130 (29%) in 2015-16, mainly because of not meeting financial targets such as keeping spending within annual limits set by Parliament; not delivering savings to balance the body's budget; or because of inadequate plans to achieve financial balance. The increase between 2015-16 and 2017-18 is particularly steep at clinical commissioning groups, with qualifications for poor financial performance increasing from 21 (10%) in 2015-16 to 67 (32%) in 2017-18.
- Local auditors are using their additional reporting powers, but infrequently. Since April 2015, local auditors have issued only three Public Interest Reports, and made only seven Statutory Recommendations. These Public Interest Reports have drawn attention to issues such as unlawful use of parking income, governance failings in the oversight of a council-owned company, management of major projects or members' conduct. Auditors have made Statutory Recommendations in relation to failing to deliver planned cost savings, poor processes for producing the annual financial statements and failure to address weaknesses highlighted by independent reviews.
- A significant proportion of local bodies may not fully understand the main purpose of the auditor's conclusion on arrangements to secure value for money and the importance of addressing those issues. 102 local public bodies were contacted where auditors had reported concerns about their arrangements to ensure value for money:
  - half of the bodies (51) said that the auditor's report identified issues that they already knew about;
  - fifty-seven (95%) of those responding said they had plans in place to address their weaknesses but only three were able to say that they had fully implemented their plans; and
  - twenty-six (25%) did not respond at all to the NAO's request.
- The extent to which central government departments responsible for the oversight of local bodies have formal arrangements in place to draw on the findings from local auditor reports varies. Processes in the relevant central government departments differ. The Department of Health & Social Care, NHS Improvement and NHS England have arrangements in place to monitor the in-year financial performance of local NHS bodies, and use information from local auditor reports to confirm their understanding of risks in the system. The Home Office and Ministry of Housing, Communities & Local Government consider the output from local auditors' reports to obtain a broad overview of the issues local auditors are raising, but there is a risk that these two departments may be unaware of all relevant local issues.



## 2. NATIONAL PUBLICATIONS

### 1. Local auditor reporting in England 2018, NAO, January 2019 (continued)

- Under the current local audit and performance framework, there is no direct consequence of receiving a non-standard report from the local auditor. Before 2010, a qualified value for money arrangements conclusion would have a direct impact on the scored assessments for all local public bodies published by the Audit Commission at that time. While departments may intervene in connection with the issues giving rise to a qualification, such as failure to meet expenditure limits, there are no formal processes in place, other than the local audit framework, that report publicly whether local bodies are addressing the weaknesses that local auditors are reporting.

A list of all local bodies that received a non-standard local auditor report for 2017-18 was published alongside the report.

<https://www.nao.org.uk/report/local-auditor-reporting-in-england-2018/>

### 2. Local authorities - governance, NAO, January 2019

The NAO has recently published a report on local authority governance, which examines whether local governance arrangements provide local taxpayers and Parliament with assurance that local authority spending achieves value for money and that authorities are financially sustainable.

The report finds that local authorities have faced significant challenges since 2010. For example, they have seen a real-terms reduction in spending power of 29% and a 15% increase in the number of children in care. These pressures raise the risk of authorities' failing to remain financially sustainable and deliver services.

The way authorities have responded to these challenges have tested local governance arrangements. Many authorities have pursued large-scale transformations or commercial investments that carry a risk of failure or under-performance and add greater complexity to governance arrangements. Spending by authorities on resources to support governance also fell by 34% in real terms between 2010-11 and 2017-18, potentially increasing the risks faced by local bodies.

In 2017-18, auditors issued qualified VFM arrangements conclusions for around one in five single tier and county councils. A survey, carried out by the NAO, of external auditors indicates that several authorities did not take appropriate steps to address these issues.

Some external auditors have raised concerns about the effectiveness of the internal checks and balances at the local authorities they audit, such as risk management, internal audit and scrutiny and overview. For example, 27% of auditors surveyed by the NAO do not agree that their authority's audit committees provided sufficient assurance about the authorities' governance arrangements. Auditors felt that many authorities are struggling in more than one aspect of governance, demonstrating the stress on governance at a local level.

Some authorities have begun to question the contribution of external audit to providing assurance on their governance arrangements. 51% of chief finance officers from single tier and county councils responding to our survey indicated that there are aspects of external audit they would like to change. This includes a greater focus on the value for money element of the audit (26%). External auditors recognise this demand within certain local authorities. However, their work must conform to the auditing standards they are assessed against and any additional activity may have implications for the fee needed for the audit.

The report also finds that MHCLG does not systematically collect data on governance, meaning it can't rigorously assess whether issues are isolated incidents or symptomatic of failings in aspects of the system. MHCLG recognises that it needs to be more active in leading co-ordinated change across the local governance system. The report recommends that MHCLG works with local authorities and other stakeholders to assess the implications of, and possible responses to, the various governance issues identified. It should examine ways of introducing greater transparency and openness to its formal and informal interventions in local authorities and should adopt a stronger leadership role in overseeing the network of organisations managing key aspects of the governance framework.

<https://www.nao.org.uk/report/local-authority-governance-2/>



## 2. NATIONAL PUBLICATIONS

### 3. NHS financial sustainability, NAO, January 2019

This is the NAO's seventh report on the financial sustainability of the NHS. In its recent reports, in December 2015, November 2016 and January 2018, the NAO concluded that financial problems in the NHS were endemic and that extra in-year cash injections to trusts had been spent on coping with current pressures rather than the transformation required to put the health system on a sustainable footing. To address this, local partnerships of clinical commissioning groups (CCGs), NHS trusts and NHS foundation trusts (trusts) and local authorities were set up to develop long-term strategic plans and transform the way services are provided more quickly.

In June 2018, the Prime Minister announced a long-term funding settlement for the NHS, which will see NHS England's budget rise by an extra £20.5 billion by 2023-24. Between 2019-20 and 2023-24, this equates to an average annual real-terms increase of 3.4%. The government asked NHS England to produce a 10-year plan that aims to ensure that this additional funding is well spent. In return for this extra funding, the government has set the NHS five financial tests to show how the NHS will do its part to put the service onto a more sustainable footing.

This report covers 2017-18, so the NAO first concludes on financial sustainability for that year. The NAO considers that the growth in waiting lists and slippage in waiting times, and the existence of substantial deficits in some parts of the system, offset by surpluses elsewhere do not add up to a picture that can be described as sustainable. Recently, the long-term plan for the NHS has been published, and government has committed to longer-term stable growth in funding for NHS England.

In the NAO's view these developments are positive, and the planning approach seen so far looks prudent. The NAO further states that it will really be able to judge whether the funding package will be enough to achieve the NHS' ambitions when we know the level of settlement for other key areas of health spending that emerges from the Spending Review later in the year. This will help inform whether there is enough to deal with the embedded problems from the last few years and move the health system forward.

<https://www.nao.org.uk/report/nhs-financial-sustainability/>

### 4. A review of the role and costs of clinical commissioning groups, NAO, December 2018

Clinical commissioning groups (CCGs) are clinically-led statutory bodies that have a legal duty to plan and commission most of the hospital and community NHS services in the local areas for which they are responsible. CCGs are led by a Governing Body made up of GPs, other clinicians including a nurse and a secondary care consultant, and lay members. They were established as part of the Health and Social Care Act in 2012 and replaced primary care trusts on 1 April 2013. Since their formation, there have been eight formal mergers of CCGs, which have reduced their number from 211 to 195 as at April 2018. The smallest CCG (Corby) covers a population of 78,000, while the largest (Birmingham and Solihull) covers a population of 1.3 million.

Since commissioning was introduced into the NHS in the early 1990s, there have been frequent changes to the structure of commissioning organisations. This looks set to continue, with the role of CCGs evolving as the NHS pursues a more integrated system across commissioners and providers. Consequently, there are likely to be more CCG mergers and increased collaborative working between CCGs and their stakeholders, for example healthcare providers and local authorities

This review sets out:

- changes to the commissioning landscape before CCGs were established;
- the role, running costs and performance of CCGs; and
- the changing commissioning landscape and the future role of CCGs.

CCGs were created from the reorganisation in how healthcare services are commissioned in the NHS. They were designed to give more responsibility to clinicians to commission healthcare services for their communities and were given resources to do this. NHS England's assessment of CCGs' performance shows a mixed picture. Over half of CCGs were rated either 'outstanding' or 'good', but 42% (87 of 207) are rated either 'requires improvement' or 'inadequate', with 24 deemed to be failing, or at risk of failing. Many CCGs are struggling to operate within their planned expenditure limits despite remaining within their separate running cost allowance. Attracting and retaining high-quality leadership is an ongoing issue.

## 2. NATIONAL PUBLICATIONS

### 4. A review of the role and costs of clinical commissioning groups, NAO, December 2018 (continued)

There has been a phase of CCG restructuring with increased joint working and some CCGs merging. If current trends continue, this seems likely to result in fewer CCGs covering larger populations based around STP footprints. This larger scale is intended to help with planning, integrating services and consolidating CCGs' leadership capability. However, there is a risk that commissioning across a larger population will make it more difficult for CCGs to design local health services that are responsive to patients' needs, one of the original objectives of CCGs.

CCGs have the opportunity to take the lead in determining their new structures. NHS England is expected to set out its vision for NHS commissioning in its long-term plan for the NHS to be published in December 2018. NHS England has said it will step in where CCGs diverge from its vision of effective commissioning. However, it has not set out fully the criteria it will use to determine when to step in.

The NAO's previous work on the NHS reforms brought in under the Health and Social Care Act 2012 highlighted the significant upheaval caused by major organisational restructuring. It is therefore important that the current restructuring of CCGs creates stable and effective organisations that support the long-term aims of the NHS. Following almost three decades of change, NHS commissioning needs a prolonged period of organisational stability. This would allow organisations to focus on transforming and integrating health and care services rather than on reorganising themselves. It would be a huge waste of resources and opportunity if, in five years' time, NHS commissioning is going full circle and undergoing yet another cycle of restructuring.

<https://www.nao.org.uk/report/a-review-of-the-role-and-costs-of-clinical-commissioning-groups/>

### 5. Local Audit Quality Forum, Public Sector Audit Appointments, December 2018

The Local Audit Quality Forum (LAQF) is a forum within which representatives of relevant audit bodies can work together and collaborate with others to share good practice and strive to enable improvements in the quality, efficiency and effectiveness of audit arrangements and practices in principal local authorities and police bodies in England. PSAA wants to develop a momentum and a passion for continuous improvement in audit arrangements throughout the entities and sectors for which PSAA has a mandate.

Slides of the Manchester December 2018 event are available on the PSAA website as per the link below.

The theme of the Manchester event was financial resilience and sustainability, a major challenge for all local authorities and police bodies in the current climate and a key strategic concern as bodies prepare 2019/20 budgets and update medium term plans. The event explored:

- the nature and scale of the sustainability challenges facing local bodies;
- the strategies and disciplines which can help to address them successfully; and
- the roles and responsibilities of Chief Finance Officers and Auditors in helping to maintain resilience and sustainability.

<https://www.psaa.co.uk/local-audit-quality-forum3/local-audit-quality-forum/>

### 6. Oversight of audit quality, quarterly compliance reports 2017/18, Public Sector Audit Appointments Ltd

There are no significant issues arising in the latest quarterly compliance report issued by PSAA.

<https://www.psaa.co.uk/audit-quality/contract-compliance-monitoring/principal-audits/mazars-audit-quality/>

## 2. NATIONAL PUBLICATIONS

### 7. Scrutinising Public Accounts: A Guide To Government Finances, CIPFA, November 2018

This guide provides an overview of the different processes for budgeting and performance reporting in central and local government, health bodies and includes key questions to ask when scrutinising government financial statements using examples based on UK public sector accounts.

This publication is only available online.

<https://www.cipfa.org/policy-and-guidance/publications/s/scrutinising-public-accounts-a-guide-to-government-finances>

### 8. CIPFA Fraud and Corruption Tracker 2017/18, CIPFA, October 2018

The CIPFA Fraud and Corruption Tracker (CFaCT) survey gives a national picture of fraud, bribery and corruption across UK local authorities and the actions being taken to prevent it. It aims to:

- help organisations understand where fraud losses could be occurring;
- provide a guide to the value of detected and prevented fraud loss;
- help senior leaders understand the value of anti-fraud activity; and
- assist operational staff to develop pro-active anti-fraud plans.

The 2017/18 report shows that fraud continues to pose a major financial threat to local authorities, with £302m detected or prevented by councils in 2017/18. While this was £34m less than last year's total, the report revealed an overall increase in the number of frauds detected or prevented – up to 80,000, from the 75,000 cases found in 2016/17. Among these cases there are reminders of some of the challenges being faced by local authorities, with the number of serious or organised crime cases doubling to 56, and a significant increase in the amount lost to business rates fraud, which jumped to £10.4m in 2017/18 from £4.3m in 2016/17.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/local-councils-detect-or-prevent-£302m-in-fraud-in-2017-18>

### 9. Summary of NHS long-term plan, Mazars, January 2019

To support local planning, local health systems will receive five-year indicative financial allocations for 2019/20 to 2023/24 and be asked to produce local plans for implementing the commitments set out in the NHS Long Term Plan. But what does it mean for local government?

The Plan recognises that more focus is needed on community care, mental health and wellbeing, reducing health inequalities and preventative care. The implications for local authorities should become clearer with a green paper expected later this year. With NHS revenue funding to grow by an average of 3.4% in real terms a year over the next five years delivering a real term increase of £20.5 billion by 2023/24, this extra spending will need to deal with current pressures and unavoidable demographic change and other costs, as well as new priorities.

Relationships between the NHS and local government could be more challenging since the direct and significant financial relationship with the NHS through the Better Care Fund is facing an overhaul and the extent of structural overhaul facing the NHS, through the advancement of Integrated Care Systems, requires time and effort.

In this briefing, we cover:

- System Architecture and Planning
- Prevention and Inequalities
- Out of Hospital Care - Primary/Community Services
- Urgent/ Emergency Care
- Elective Care

(continued over)

## 2. NATIONAL PUBLICATIONS

### 9. Summary of NHS long-term plan, Mazars, January 2019 (continued)

Theme	Key features	Implications and questions for local government
<b>System Architecture and Planning</b>	<p>Integrated Care Systems (ICS) will be everywhere by April 2021 with the “triple integration” of primary and specialist care, physical and mental health services, and health with social care” at a place level with commissioners sharing decisions on planning with providers. Each ICS will have a single set of commissioning decisions at the system level. This will typically involve a single Clinical Commissioning Group (CCG) for each ICS area with CCGs to become leaner, more strategic organisations working with partners, population health, service redesign and delivery of the plan.</p> <p>ICS constitution will involve a partnership board consisting of commissioners, trusts, primary care networks, non-executive chair and an accountable Clinical Director for each Primary Care network. There will also be a new ICS accountability and performance framework to provide a consistent and comparable set of performance measures. It will include a new ‘integration index’ to measure how joined up the system is. This is interesting as it’s the public voice.</p>	<p>Integrated Care Systems will have a key role in working with local authorities at the ‘place’ level and, through the ICS governance structure, commissioners will make shared decisions with providers on how to use resources, design services and improve population health.</p> <p>A review and revision of the Better Care Fund may have direct financial implications for local authorities, particularly those arrangements where some Better Care Fund streams are used as support funding for social care services. The NHS Plan does recognise social care in terms of pressures it may create on the NHS and the need to continue to support local measures to address rising demand and costs through pooled budgets, personal health and social care budgets and cites the example of the NHS overseeing a pooled budget with a joint commissioning team (Salford model), where the Council Chief Executive is the accountable officer. A Green Paper is expected to provide further clarity.</p>
<b>Prevention and Inequalities</b>	<p>From April 2019, Clinical Commissioning Groups (CCGs) will receive a health inequalities funding supplement, with the possibility of the commissioning of public health services, e.g. health visitors, school nurses, sexual health etc., to return to the NHS.</p> <p>A planned £30million investment in rough sleepers.</p>	<p>The onus to reduce health inequalities falls to local authorities with the NHS as support. How / will funding flow into local authorities via CCGs or will we need to wait until the next spending review?</p> <p>Investment in the health of rough sleepers is a short-term fix – the wrap around is for local authorities to work on housing, mental health, care and employment.</p>

## 2. NATIONAL PUBLICATIONS

Theme	Key features	Implications and questions for local government
<p><b>Out of Hospital Care - Primary/Community Services</b></p>	<p>There will be a greater proportionate level of investment in Primary care and Community Health Services: with ring-fenced local funding equivalent to a £4.5billion increase by 2023/24.</p> <p>In return, the NHS Plan is expecting:</p> <p>Fully integrated community support with training and development of multidisciplinary teams in primary and community hubs, including community hospitals.</p> <p>Integrated teams of GPs, community services and social care. Urgent response and recovery support will be delivered by flexible teams working across primary care and local hospitals, including GPs, allied health professionals, district nurses, mental health nurses, therapists and reablement teams.</p> <p>More support for Care Homes to address hospital admissions and sub-optimal medication, with an Enhanced Care in Care Homes vanguard model is to be adopted that aims to improve the links between Care Homes and Primary Care through a consistent healthcare team and named practice support, pharmacist led medication reviews, emergency support, and access to records.</p>	<p>When care transfers into the community, there is an increasing need to manage the multiagency points of contact. Having integrated teams implies local authority care workers working alongside private sector GPs and NHS staff: how will referrals, care pathways and advice on alternative services, for example housing, be managed? This also raises the need for some joined up thinking over estates management and the infrastructure of public service assets – where should teams be based?</p> <p>Local authority supply management of care homes becomes more challenging: the resilience of local market is stretched with the cost of care not always making provision financially viable – will any additional funding merely bring back some stability falling short of ambitions for Enhanced Care?</p> <p>Technology becomes increasingly important including considerations for secure data sharing between organisations. Proposals to support advances in home wearables/monitoring technology to predict hospital admission, linked to smart home technology create new forms of the same challenge: who monitors the data and who is it shared with for the person's best interests?</p> <p>With an increase in social prescribing and personal health budgets, local authorities, including park authorities, can provide support through existing provision of leisure and community services. How can you create community engagement and healthier lifestyles?</p>
<p><b>Urgent/ Emergency Care</b></p>	<p>The goal is to achieve and maintain an average Delayed Transfers of Care figure of 4,000 or fewer delays. This aims to be achieved by placing therapy and social work teams at the beginning of the acute hospital pathway, with an agreed clinical care plan within 14 hours of admission that includes an expected date of discharge.</p>	<p>A direct and an indirect impact to local authorities for those residents in care or living in local authority housing. There becomes an increasing need for local authorities to dexterously call on partners across the local authority boundary, including the use of existing disabled facilities grant funding, to ensure people can return home safely.</p> <p>The Stoke-on-Trent based Revival Home from Hospital service is working at record levels and is saving the NHS almost £500,000 a year. The service helps people to get home from hospital as quickly as possible by making sure their homes meet their health needs.</p>

## 2. NATIONAL PUBLICATIONS

Theme	Key features	Implications and questions for local government
Elective Care	An NHS Personalised Care model and expansion of Personal Health Budgets, for example bespoke wheelchairs and community-based packages of personal and domestic support, mental health services, learning disabilities, and those people receiving social care support. There is expected to trained social prescribing professionals connecting people to wider services.	Who is best placed to provide advice on connecting people to wider services? Who is well placed to deliver connected services and is there more space for framework contracts of approved providers for people to draw down from?

A summarised version of the Plan is available to download from our website:

<https://www.mazars.co.uk/Home/Industries/Public-Services/Health/NHS-Long-Term-Plan-summary>

1. Audit progress

2. National publications

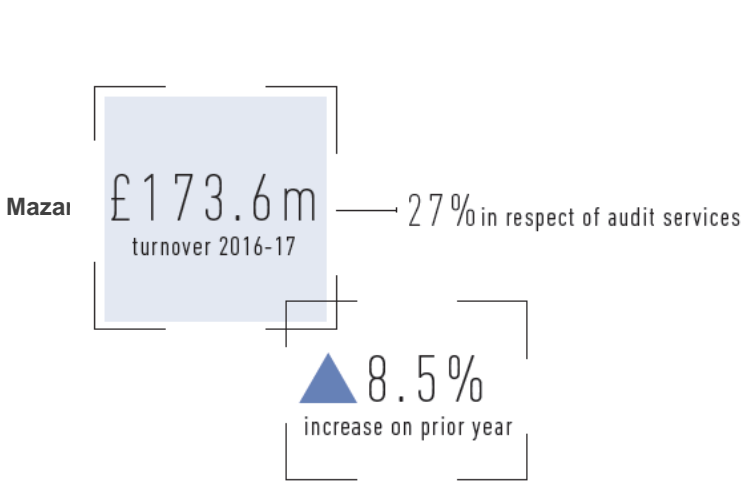
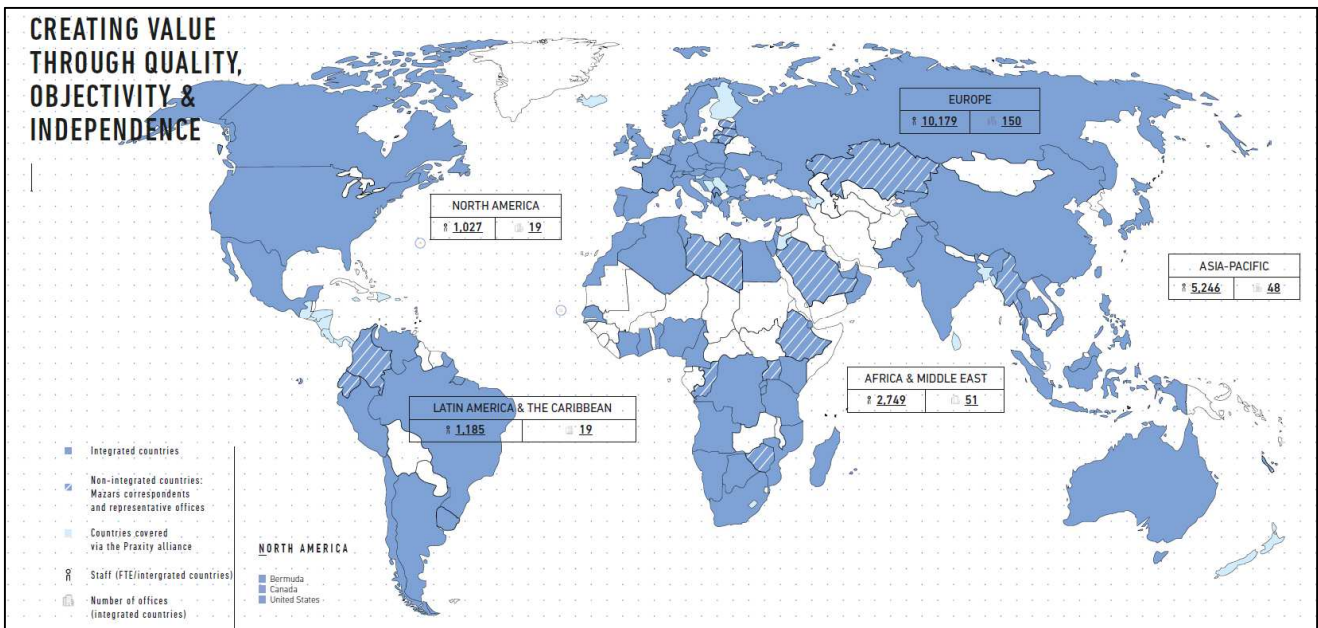
3. Contact details



# 3 MAZARS AT A GLANCE

## Mazars LLP

- Fee income €1.5 billion
- Over 86 countries and territories
- Over 300 locations
- Over 20,000 professionals
- International and integrated partnership with global methodologies, strategy and global brand



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**Audit and Governance Committee**

6 March 2019

Report of the Head of Internal Audit

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

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

**Background**

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

**Internal Audit**

- 3 To date (up to 15 February 2019), internal audit has completed 53% of the 2018/19 audit plan (compared to 73% in the corresponding report last year<sup>1</sup>). The figure is based on reports issued and does not reflect audits in progress or recently completed<sup>2</sup>. As noted in the last progress report in December 2018, the level of completion of audits during the year has been slower than originally anticipated although the shortfall is reducing quickly. The majority of work to be undertaken in 2018/19 is underway and workplans continue to be updated to ensure that the remaining audit work can be completed. It is still anticipated that the 93% target for the year

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<sup>1</sup> The corresponding report for 2017/18 was produced over a month later than the current report and was presented to the committee in April 2018.

<sup>2</sup> The figure including work in progress and work completed but not yet reported is 94%.

will be exceeded by the end of April 2019 (the cut off point for 2018/19 audits). The current status of audits included in the audit plan is shown in annex 2.

- 4 Details of audits completed and reports issued since the last report to this committee in December 2018 are given in annex 1.

### **Breaches of Financial Regulations**

- 5 A number of breaches of the council's financial regulations have been identified during the course of recent audit work. Further details can be found at Annex 3.

### **Counter Fraud**

- 6 Counter fraud work has been undertaken in accordance with the approved plan. Annex 4 provides a summary of the work undertaken in the period.
- 7 Up to 31<sup>st</sup> January, the fraud team had achieved £303k in savings for the council as a result of investigation work (against a target for the year of £200k). Successful outcomes were recorded for 59% of investigations completed - where cases have resulted in some form of action against the perpetrator such as recovery of funds, prosecution, issue of a warning, or other action.

### **Consultation**

- 8 Not relevant for the purpose of the report.

### **Options**

- 9 Not relevant for the purpose of the report.

### **Analysis**

- 10 Not relevant for the purpose of the report.

### **Council Plan**

- 11 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**

12 There are no implications to this report in relation to:

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

### **Risk Management Assessment**

13 The council will 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**

14 Members are asked to:

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

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

**Contact Details**

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**Chief Officer Responsible for the report:**

Ian Floyd  
Director of Customer & Corporate Services  
Telephone: 01904 551100

**Report Approved**



**Date** 22/02/2019

**Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

**All**

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

**Background Papers**

- 2018/19 Internal Audit and Counter Fraud Plan

**Annexes**

Annex 1 - 2018/19 Audits Completed and Reports Issued

Annex 2 - Current Status of Planned Audits

Annex 3 – Breaches of the Financial Regulations

Annex 4 - Counter Fraud Activity

**Available on the council's website**

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

- Adult Education
- Housing Performance
- Information Security Checks
- Payroll
- Provision of School Places

- Section 117 of the Mental Health Act (follow-up)
- Wenlock Terrace

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

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**AUDITS COMPLETED AND REPORTS ISSUED**

The following categories of opinion are used for audit reports.

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

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

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



**Priority**

**Long Definition**

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

2

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

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

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

3

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

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

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

### Draft Reports Issued

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

### Final Reports Issued

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

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Adult Education	Reasonable Assurance	0	3	8	A review of income collection, funding arrangements and sub-contracting. The audit found that arrangements for managing funding and income were sufficient to ensure that they were correctly accounted for overall. However, weaknesses were found in a number of areas - particularly in relation to the audit trail for individual students, making it difficult to reconcile income, discounts granted and refunds.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Housing Performance	No Opinion Given	0	0	0	This was a review of the use of Housemark, a piece of benchmarking software utilised by the council. It provided some conclusions which the service will now consider when making a decision on whether to continue with its use.
Information Security Checks	Reasonable Assurance	0	3	0	An assessment of the extent to which personal, sensitive and confidential data is exposed to risk. The audit identified a number of areas for improvement.
Payroll	Substantial Assurance	0	2	4	An audit of key controls and risk relating to the payroll function. It found that processes were generally working well but improvements could be made in relation to retaining leaver information for an appropriate length of time.
Provision of School Places	No Opinion Given	0	0	0	This audit reviewed the project against the requirements of the corporate project management framework. It was found that key project controls were found to be in operation and working effectively. Some variances to the

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
					framework were identified but this was reasonable considering the nature of the project.
Section 117 of the Mental Health Act (follow-up)	No Opinion Given	0	2	0	This was a follow-up of an audit completed in 2016 which provided an opinion of Limited Assurance. It found that reasonable progress had been made but general procedural documentation and aftercare arrangements require completion.
Wenlock Terrace	Reasonable Assurance	0	5	3	This was a review of contract management arrangements with a provider of residential care services for children. It found no issues relating to the provision of care but there was a lack of clear responsibility for managing the contract as well as some breaches of the contract procedure rules.

## CURRENT STATUS OF WORK IN AUDIT PLAN

AUDIT	STATUS	TARGET DATE FOR A&G COMMITTEE
<b>Corporate &amp; Cross-Cutting</b>		
Annual Governance Statement & Governance Support	In progress	n/a
Asset Management	In progress	March 2019
Budgetary Control (incorporating children's social care funding and budget management)	Planning Commenced	June 2019
Corporate Complaints	Deferred	n/a
Data Quality	In progress	June 2019
Equalities	In progress	March 2019
GDPR Compliance	In progress	March 2019
Governance	Fieldwork Complete	March 2019
ICT – Asset Management	Fieldwork Complete	March 2019
ICT – Governance & Cyber Security	Fieldwork Complete	March 2019
ICT – Licence Management	Deferred <sup>1</sup>	n/a
Information Security	<b>Reasonable Assurance</b>	<b>March 2019</b>
Insurance	Deferred <sup>1</sup>	n/a
Multi-Agency Incident Planning	In progress	June 2019

<sup>1</sup> Initial work on the audit was undertaken during 2018/19. The work will be completed during 2019/20.

AUDIT	STATUS	TARGET DATE FOR A&G COMMITTEE
Procurement & Contract Management	Planning Commenced	June 2019
Project Management – Overall Arrangements	In progress	June 2019
Project Management – School Placement Planning	<b>No Opinion Given</b>	<b>March 2019</b>
Project Management – Housing ICT	Fieldwork Complete	June 2019
Workforce Planning	Fieldwork Complete	June 2019
Staff Parking (addition to plan)	Fieldwork Complete	March 2019
Bodyworn CCTV (addition to plan)	Draft report issued	March 2019
NHS Information Governance toolkit (addition to plan)	Not started	June 2019
Ward Committee Funding (addition to plan)	In progress	March 2019
<b>Main Financial Systems</b>		
Council Tax & NNDR	Deferred	n/a
Council Tax Support and Housing Benefits	In progress	March 2019
Debtors	In progress	March 2019
Housing Rents	Not started	June 2019
Main Accounting System	In progress	June 2019
Ordering and Creditor Payments	Draft report issued	March 2019
Payroll	<b>Substantial Assurance</b>	<b>March 2019</b>
VAT Accounting	Not started	June 2019

AUDIT	STATUS	TARGET DATE FOR A&G COMMITTEE
<b>Health, Housing and Adult Social Care</b>		
ASC Absence Management	Planning Commenced	June 2019
ASC Budget Management	Fieldwork Complete	March 2019
Continuing Healthcare	In progress	March 2019
CQC Improvement Plan	<b>Complete – no report issued</b>	<b>December 2018</b>
Housing Development	Deferred	n/a
Housing Fraud	Planning Commenced	June 2019
Public Health – Health Protection Standards	In progress	June 2019
Responsive Repairs	Not started	June 2019
Section 117 of the Mental Health Act (follow-up)	<b>No Opinion Given</b>	<b>March 2019</b>
<b>Economy and Place</b>		
Capital Projects	Not started	June 2019
Clean Air Data	<b>High Assurance</b>	<b>September 2018</b>
Contract Management – Allerton Park	In progress	June 2019
Contract Management – Park and Ride	Not started	June 2019
Waste Services – Procurement	Fieldwork Complete	March 2019
Section 106 Agreements – Education (addition to plan)	In progress	March 2019

AUDIT	STATUS	TARGET DATE FOR A&G COMMITTEE
<b>Children, Education and Communities</b>		
Adult Education Service	<b>Reasonable Assurance</b>	<b>March 2019</b>
Free Early Education Funding	Fieldwork Complete	March 2019
Schools themed audit – Budget Management	Draft report issued	March 2019
Schools themed audit – Information Governance	Fieldwork Complete	March 2019
Schools Funding	Deferred	n/a
Schools Maintenance Programme	Planning Commenced	June 2019
Services to Schools	Planning Commenced	June 2019
Wenlock Terrace	<b>Reasonable Assurance</b>	<b>March 2019</b>
Schools: St Wilfrid’s Primary School Wigginton Primary School Clifton Green Primary School St Paul’s Primary School	Draft report issued Draft report issued Fieldwork Complete Planning Commenced	December 2018 March 2019 March 2019 March 2019



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

<b>Description of Breach</b>	<b>Instances</b>
Contract waivers not sought	2
Contract variation not sought	1
Cash was not being banked on a regular basis	1
Cash reconciliations were being performed on a monthly basis, not weekly	1

<b>Directorate</b>	<b>Instances</b>
Children, Education and Communities	5

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**COUNTER FRAUD ACTIVITY 2018/19**

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

	<b>2018/19 (Actual: 31/1/19)</b>	<b>2018/19 (Target: Full Yr)</b>	<b>2017/18 (Actual: Full Yr)</b>
Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.	£303,803	£200,000	£298,155

**Caseload figures for the period are:**

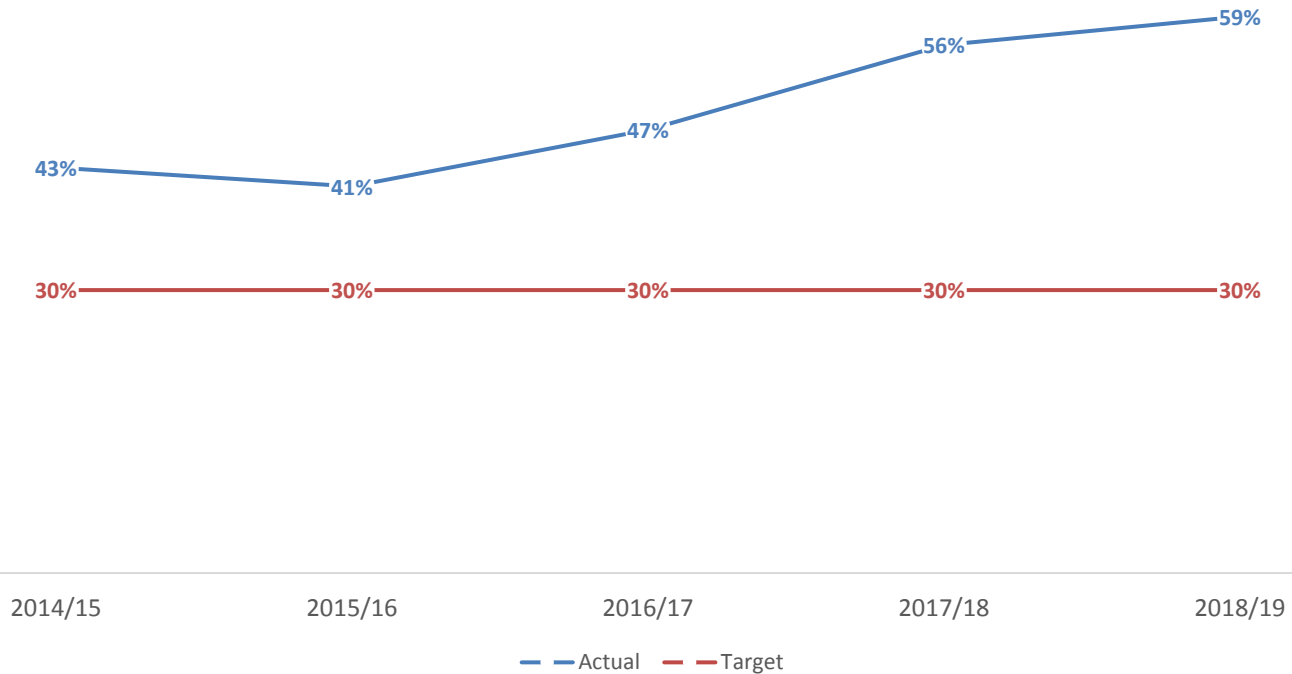
	<b>2018/19 (As at 31/1/19)</b>	<b>2017/18 (Full Year)</b>
Referrals received	281	365
Number of cases under investigation	131	120 <sup>1</sup>
Number of investigations completed	145	209

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

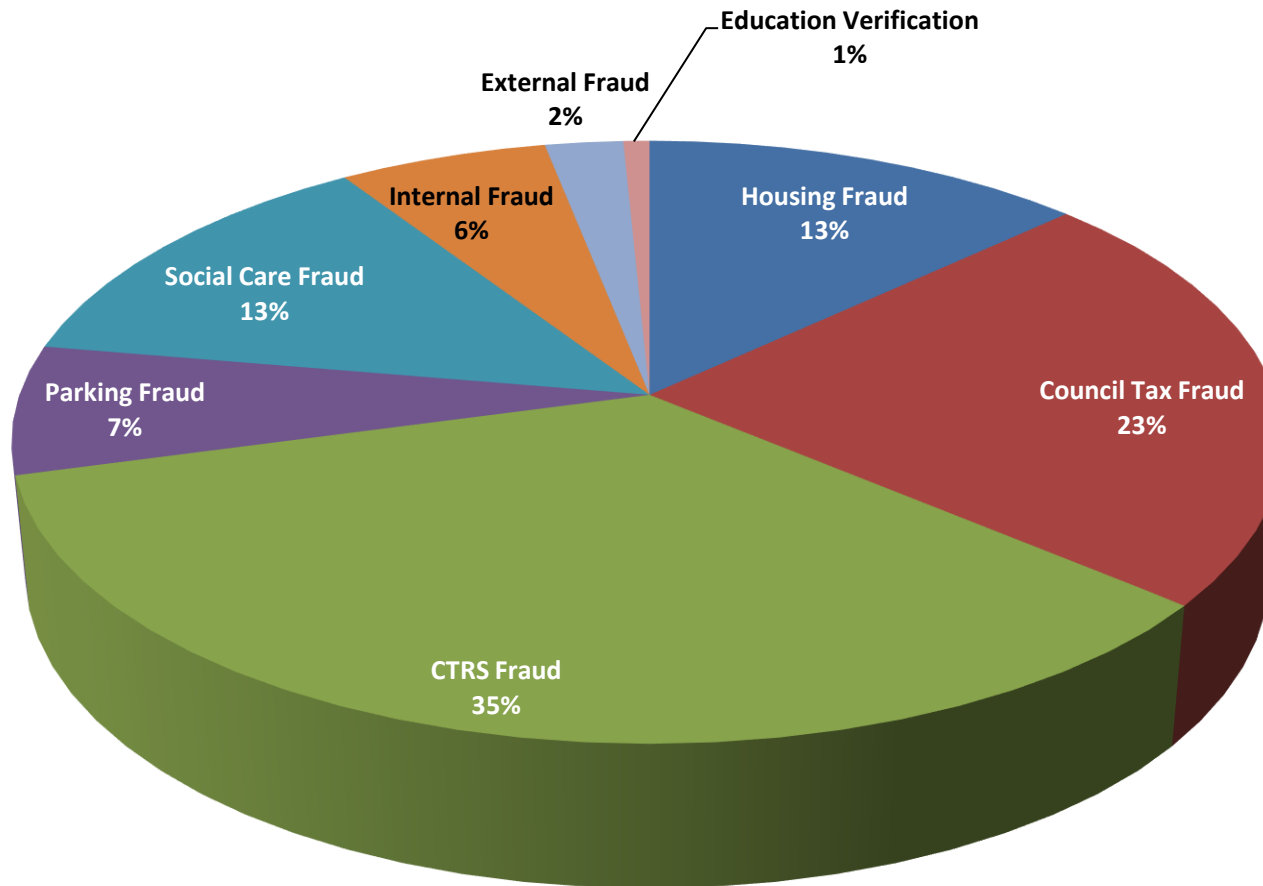
The agreed target for successful outcomes from investigations is 30%. Actual outcomes vary by case type but include, for example, benefits or discounts being stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked, or management action taken. The graph below shows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

### SUCCESSFUL INVESTIGATION OUTCOMES



The chart below shows the proportion of different case types under investigation as at 31 January 2019.

### Active Investigations by type



## Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>The 2018/19 National Fraud Initiative is underway. A range of council data was gathered and securely sent to the Cabinet Office for data matching in October. The first tranche of matches has been released with more expected in the coming months.</p> <p>The council participated in an NFI Business Rates pilot alongside regional partners. In total, over 10,000 matches were returned at the beginning of October. Sampling has been undertaken which resulted in 4 properties being referred to the Valuation Office Agency (VOA), 2 business accounts have been updated and 1 further case has been assigned for investigation.</p>
Fraud detection and investigation	<p>The service continues to promote the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> <li>• <b>Social Care fraud</b> – This area continues to pose a substantial risk to the council. It represents the highest levels of financial loss due to fraud detected at the council. The counter fraud team work alongside council colleagues to mitigate the risk, investigate potential fraud and recover any losses identified. In the current financial year, the team has detected over £200k of loss to the council due to adult social care fraud.</li> <li>• <b>Council Tax/Non Domestic Rates fraud</b> – Council tax and business rate investigations are an area of focus for the team. To date this year, 2 people have been successfully prosecuted; one for a single person discount fraud and one for a false claim for small business rate relief. A further 17 people and 3 businesses have been cautioned, warned, or found to have underpaid council tax or business rates. In 2018/19 the team has identified over £75k of loss to the council in this area.</li> <li>• <b>Internal fraud</b> - The team has received 11 referrals for possible internal fraud in 2018/19; 9 cases are currently under investigation.</li> </ul>

Activity	Work completed or in progress
	<ul style="list-style-type: none"> <li>• <b>York Financial Assistance Scheme fraud</b> – The fraud team works with council officers and external organisations to deter fraud against this scheme. Two people have been prosecuted for false applications this year and a further 4 people have been given warnings in relation to the scheme.</li> <li>• <b>Council Tax Support fraud</b> – Council Tax Support fraud is high volume but of relatively low loss to the council. The team has prosecuted one person during the current financial year. The investigation began following a National Fraud Initiative data match which identified that a person claiming to be unemployed with no capital in fact ran a city centre business and owned a property that was being rented out to tenants. A further 8 people have been cautioned or warned following abuse of the system.</li> <li>• <b>Housing fraud</b> – Working alongside colleagues in the housing department, the counter fraud team has prevented 4 council homes from being let to applicants who provided false information in housing applications. In addition, one false right to buy application has been blocked; if the sale had been allowed to proceed the council would have had to grant a £59k discount on a council house in the Acomb area.</li> <li>• <b>Parking fraud</b> – The fraud team work with the parking department to combat blue badge and other types of parking related fraud. The two teams periodically undertake ‘days of action’ together where all blue badges are checked to ensure correct usage. Three people have been prosecuted for disabled badge fraud and related offences this year. A further 22 people have been cautioned or issued warnings relating to parking fraud offences.</li> <li>• <b>Education verification</b> – The fraud team works with the schools team to investigate and deter false applications for school placements. Three investigations have been completed this year which resulted in two applications being stopped.</li> </ul>

<b>Activity</b>	<b>Work completed or in progress</b>
Fraud liaison	The fraud team acts as a single point of contact for the Department for Work and Pensions and is responsible for providing data to support their housing benefit investigations. The team has dealt with 339 requests on behalf of the council in 2018/19.
Fraud Management	<p>In 2018/19 a range of activity has been undertaken to support the council's counter fraud framework.</p> <ul style="list-style-type: none"> <li>• Raising awareness of fraud is part of the annual programme of work for the team. Awareness sessions have been provided to the business rates team and housing department in the current financial year.</li> <li>• The counter fraud team alerts council departments to emerging local and national threats through a monthly bulletin and specific alerts over the course of the year.</li> <li>• During this year's National Fraud Initiative data gathering exercise, the counter fraud team has confirmed that, as part of the council's legal obligation, privacy notices are in place to facilitate data processing.</li> <li>• As part of International Fraud Week in November, the counter fraud team raised awareness of fraud with staff via intranet articles published throughout that week.</li> <li>• A new counter fraud e-learning package was launched in November for council staff. The training seeks to ensure that staff are aware of the types of fraud currently affecting public sector bodies and what to do if they have suspicions it is occurring.</li> </ul>



**Audit and Governance Committee**

6 March 2019

Report of the Head of Internal Audit

**Internal Audit Follow Up Report****Summary**

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

**Background**

2. Where weaknesses in systems are found by internal audit, the auditors discuss and agree a set of actions to address the problem with the responsible manager. The agreed actions include target dates for issues to be dealt with. The auditors then carry out follow up work to check that the issue has been resolved once these target dates are reached. The follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary. Where managers have not taken the action they agreed to, issues are escalated to more senior managers, and ultimately may be referred to the Audit and Governance Committee.
3. A summary of the findings from follow up work is presented to this committee twice a year. The current report covers agreed actions with target dates up to 31 January 2019.

**Consultation**

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

## Follow up of internal audit agreed actions

5. A total of 113 actions have been followed up since the last report to this committee in September 2018. A summary of the priority of these actions is included in figure 1, below. A further 35 actions due by 31 January 2019 are still in the process of being followed up and will be reported as part of the next six monthly report.

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

Priority of actions*	Number of actions followed up
1	1
2	39
3	73
<b>Total</b>	<b>113</b>

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

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

*Figure 2: actions followed up by directorate*

Priority	Customer & Corporate Services	Economy & Place	Children, Education & Communities	Health, Housing & Adult Social Care
1	0	0	0	1
2	11	14	8	6
3	18	23	23	9
<b>Total</b>	<b>29</b>	<b>37</b>	<b>31</b>	<b>16</b>

7. Of the 113 agreed actions 87 (77%) had been satisfactorily implemented and 8 (7%) were no longer needed<sup>1</sup>.
8. In 18 cases (16%) the action had not been implemented by the target date, but a revised date was agreed. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable (e.g. due to unexpected difficulties or where actions are dependent on new systems being implemented). These actions will be followed up after the revised target date and if necessary they will be raised

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

with senior managers in accordance with the escalation procedure. Figure 3 below shows the priority of these actions.

*Figure 3: priorities of actions with revised implementation dates*

Priority	Customer & Corporate Services	Economy & Place	Children, Education & Communities	Health, Housing & Adult Social Care
1	0	0	0	0
2	1	2	1	4
3	3	3	3	1
<b>Total</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>

## Conclusions

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

## Options

10. Not relevant for the purpose of the report.

## Analysis

11. Not relevant for the purpose of the report.

## Corporate Priorities

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

## Implications

13. 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**

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

### **Recommendations**

15. Members of the Audit and Governance Committee are asked to:
  - consider the progress made in implementing internal audit agreed actions as reported above (paragraphs 5 – 9)

Reason: To enable Members to fulfil their role in providing independent assurance on the council's control environment.

**Contact Details**

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**Chief Officer Responsible for the report:**

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

**Report  
Approved**



**Date** 22/02/2019

**Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

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

**Background Papers:**

None

**Annexes**

None

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**Audit and Governance Committee****6 March 2019**

Report of the Head of Internal Audit

**Internal Audit & Counter Fraud Plans 2019/20****Summary**

- 1 This report seeks the committee's approval for the planned programme of internal audit work to be undertaken in 2019/20. It also includes details of the planned programme of counter fraud work.

**Background**

- 2 The council's internal audit service has to comply with the Public Sector Internal Audit Standards, and the council's own Internal Audit Charter. The standards and charter require that the Head of Internal Audit gives an annual opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control. The basis for the opinion is the programme of work that internal audit carries out. An indicative risk based audit plan is drawn up at the start of each year, setting out what work will be done. The plan is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit.
- 3 In addition to internal audit, Veritau also provides the council with specialist counter fraud services. To reflect the independent nature of the counter fraud and internal audit services, and for the purposes of transparency, counter fraud work is reported in a separate plan.

**2019/20 Internal Audit Plan**

- 4 Annex 1 sets out proposed internal audit work for 2019/20. The planned audit work is based on an assessment of risk undertaken by Veritau alongside discussions with chief officers and members, review of risk management

arrangements, and plans for development and change within the council.

- 5 Total planned days for 2019/20 are 1,093 which is a reduction of 117 days from 2018/19.
- 6 The 2019/20 plan is similar in focus to previous years. It aims to ensure that audit resources are prioritised towards those systems which are considered to be the most risky or which contribute the most to the achievement of the council's priorities and objectives. The plan reflects the continued need to look at key corporate systems, and to undertake regularity work in areas such as the main financial systems. But also recognises increasing expenditure and focus in areas such as Adult Social Care and the continuing change taking place within the council.
- 7 Other audits considered for the 2019/20 plan include the following.
  - Apprenticeships
  - Brexit preparations
  - External Legal Advice
  - Free Early Education Funding
  - Overtime
  - Special Educational Needs
  - Treasury Management
  - VAT Accounting
  - York Financial Assistance scheme
  - Community Safety
- 8 These were not included in the plan in order to balance planned work with available resources. Ultimately these areas were considered a lower priority for internal audit for 2019/20. For example because, they were deemed to be a lower risk, were subject to other scrutiny (eg by external audit), or because of timing issues (eg they were likely to be undertaken later in the year and could be considered in 2020/21).

### **2019/20 Counter Fraud Plan**

- 9 Annex 3 sets out proposed areas of counter fraud work for 2019/20. No estimate of time is made for each area as this will depend on levels of suspected fraud reported to the team. Reactive investigations (determined by allegations of fraud received) accounts for the largest proportion of work. Priorities



for work in the remaining areas will be determined in accordance with the council's Counter Fraud Strategy and Counter Fraud Risk Assessment (presented to the committee in February).

- 10 Total planned days for 2019/20 are 1,060, which is the same as for 2018/19.

### **Consultation**

- 11 In preparing the audit and counter fraud plans consultation has taken place with the Audit and Governance Committee, CMT, and key officers across the council.

### **Options**

- 12 Not relevant for the purpose of the report.

### **Analysis**

- 13 Not relevant for the purpose of the report.

### **Council Plan**

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

### **Implications**

- 15 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**

- 16 The council will be non-compliant with the Public Sector Internal Audit Standards if the internal audit plan is not approved by the committee, and it may be subject to increased scrutiny and challenge.

### **Recommendation**

- 17 Members are asked to approve the 2019/20 internal audit plan and note the proposed counter fraud plan.

Reason: In accordance with the committee's responsibility for overseeing the work of internal audit and the counter fraud service.

### **Contact Details**

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Ian Floyd  
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**Report  
Approved**



**Date** 22/02/2019

### **Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

**All**

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

### **Annexes**

Annex 1 – 2019/20 Internal Audit Plan  
Annex 2 – 2019/20 Counter Fraud Plan

**CITY OF YORK COUNCIL  
INTERNAL AUDIT PLAN 2019/20**





**City of York Council's Internal Audit and Counter Fraud Service**

**Annual Internal Audit Plan 2019/20**

**CONTENTS**

- 1 Introduction
- 2 2019/20 Audit Plan
- 3 Corporate & Cross Cutting Audits
- 4 Main Financial Systems
- 5 Directorate Audits
- 6 Other Chargeable Work



## City of York Council's Internal Audit and Counter Fraud Service

### Annual Internal Audit Plan 2019/20

#### 1. INTRODUCTION

- 1.1 This plan sets out the proposed 2019/20 programme of work for the internal audit service provided by Veritau for the City of York Council.
- 1.2 In accordance with proper practice<sup>1</sup>, internal audit is required to prepare an indicative annual audit plan. The plan is based on a risk assessment model that is maintained by internal audit. The council's own risk management systems are also considered in forming a view on what audits to undertake. The audit plan is a working document, and changes are made throughout the year to reflect changes in risk and any issues that arise.
- 1.3 The content of the audit plan is subject to consultation with directors and other senior council officers, and is formally approved by the Audit and Governance Committee. Changes to the plan are agreed through the council's client management arrangements and are notified to the committee. Proposed audit work is also discussed with the council's external auditors, to ensure that there is no duplication of effort. Further details about the approach to audit planning can be found in the Audit Charter.

#### 2. 2019/20 AUDIT PLAN

- 2.1 The council continues to face significant budgetary pressures, increasing demand for services and a number of other challenges. To reflect this, the 2019/20 planning process has continued the approach adopted over the last few years, by targeting higher risk systems in areas including those:
  - where the volume and value of transactions processed are significant, or the impact if risks materialise is very high, making the continued operation of regular controls essential
  - areas of known concern, where a review of risks and controls will add value to operations

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<sup>1</sup> Proper practice is set out in the Public Sector Internal Audit Standards and specific guidance on these standards for local government, issued by Cipfa.



**City of York Council's Internal Audit and Counter Fraud Service**

**Annual Internal Audit Plan 2019/20**

- areas of significant change. This may include providing direct support / challenge to projects, reviewing project management arrangements, or consideration of the impact of those changes on the control environment for example where the reduction in resources may result in fewer controls.
- 2.2 Internal Audit resources are limited and the audit plan is intended to ensure the available resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the council's priorities and objectives.
- 2.3 Details of the 2019/20 plan are set out in sections 3 – 6 below.



## City of York Council's Internal Audit and Counter Fraud Service

## Annual Internal Audit Plan 2019/20

## 3. CORPORATE &amp; CROSS CUTTING AUDITS

Days**Absence Management**

25

A review of absence management procedures, focussing on use of the new ITrent module.

**Annual Governance Statement & Governance Support**

5

Advice and support on corporate governance matters and support in preparing the council's annual governance statement.

**Assurance Mapping**

10

A review of other sources of assurance to ensure that duplication of work is minimised and audit resources are used effectively. This was a specific recommendation from Veritau's external PSIAS assessment.

**Corporate Complaints**

15

A review of corporate complaints processes focusing on compliance with corporate procedures and standards.

**Data Quality**

15

An audit of systems for capturing key performance data, to ensure information used for management of the organisation is robust. The audit will focus on CCS or E&P following previous audits of data in HHASC and CEC.

**Financial Resilience**

25

A review of the council's medium term financial planning and strategies. This follows previous audits on budget savings plans and budget management processes.

**Health and Safety**

20

A review of council arrangements for managing health and safety. The specific areas to be covered will be determined in consultation with officers.



**City of York Council's Internal Audit and Counter Fraud Service**

**Annual Internal Audit Plan 2019/20**

<b>Home working</b>	20
A review of council arrangements for managing risks in relation to home working. This will include a review of issues including staff welfare and health and safety, and engagement.	
<b>Information Security Sweeps</b>	5
An allocation of time for information security reviews. This will include unannounced audit visits to council offices to ascertain the extent to which sensitive and personal data and information assets are protected.	
<b>Insurance</b>	10
A review of the council's procedures for dealing with insurance claims. This will build on initial work carried out in 2018/19.	
<b>IT audit</b>	60
Details of IT audit work are currently being discussed with officers. The final list of areas is likely to include Licence Management, Change Management and Server administration and security; and one of the following areas: Communications Security; Mobile Device Utilisation; App/URL Management.	
<b>NHS Information Governance Toolkit</b>	10
A review of the council's data before its annual submission.	
<b>Procurement and Contract Management</b>	50
This will encompass a number of separate audits which may include reviews of specific procurement exercises and contract related issues.	
<b>Project Management</b>	20
An allocation of time for the review of project risk management. A number of other specific project audits are included elsewhere in the plan.	
<b>Records Management</b>	20
A review of the council's record management processes.	





**City of York Council's Internal Audit and Counter Fraud Service**

**Annual Internal Audit Plan 2019/20**

**Transparency**

15

The audit will seek to understand the council's aims and objectives for providing open access to information and data and review the arrangements in place to deliver those objectives.

**TOTAL – Corporate & Cross Cutting Audits**

**325**



## City of York Council's Internal Audit and Counter Fraud Service

## Annual Internal Audit Plan 2019/20

## 4. MAIN FINANCIAL SYSTEMS

Days**Council Tax & NNDR**

25

A review of the systems for calculating Council Tax and NNDR liabilities, and the collection, recording and processing of payments.

**Council Tax Support and Housing Benefits**

25

A review of the arrangements for paying Housing Benefits and for administering the council tax support scheme.

**Debtors**

20

A review of the systems for raising debtor invoices and collecting income, credit control, and debt recovery arrangements.

**Main Accounting System**

25

A review of the arrangements for managing and maintaining the financial ledger.

**Ordering and Creditor Payments**

30

A review of the systems for ordering goods and services and processing creditor invoices. This will include an allocation of time for periodic data matching (e.g. for duplicate invoices).

**Payroll**

25

A review of payroll controls and processing

**TOTAL – Main Financial Systems**

<b>150</b>
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City of York Council's Internal Audit and Counter Fraud Service

Annual Internal Audit Plan 2019/20

5. DIRECTORATE AUDITS

Days

**Children, Education and Communities (CEC)**

**Adoption Services**

25

This may include review of the governance of the new regional adoption partnership, as well as inter-agency fees and the administration of Special Guardianship Orders.

**Agency Staff**

15

A review of the systems and controls in relation to the use of agency staff and consultants within the directorate, which represents a significant portion of the annual budget.

**Home to School Transport**

25

An audit of the systems in place to provide transport to schools and special educational needs establishments.

**Joint Targeted Area Inspection Action Plan**

15

An action plan was agreed following a multi-agency inspection in September 2018. This will review the progress made against the agreed actions.

**Schools**

50

A number of themed audits across schools including a review of schools procurement and financial processes. Visits to individual schools may also be undertaken.

**Schools Funding**

25

An audit of the systems in place to allocate funding to schools.



City of York Council's Internal Audit and Counter Fraud Service

Annual Internal Audit Plan 2019/20

**Economy and Place (EP)**

**Cash Handling**

10

The review will assess the extent of remaining cash handling arrangements within E&P, the robustness of procedures, and progress in moving to electronic payment methods.

**Environmental Health**

25

A review of key controls and risks within environmental health. The scope will be agreed with officers during the audit year and may include inspection standards in relation to food hygiene as well as the value for money of the out of hours service

**Household Waste**

25

A review of the systems and processes in place to transport and recycle household waste. This will include providing assurance that all waste is accurately accounted for.

**Smart Travel Evolution Programme (STEP)**

15

A review of the governance and delivery of objectives of this project which intends to monitor and enable analysis of real-time journey information to improve travel in York.

**Taxi Licensing (follow-up)**

10

A follow-up of the audit carried out in 2017/18 to ensure that all actions have been implemented including DBS checks.

**York Central**

20

A review of the governance and risk management of this significant council project. This will include relationships with external partners.



City of York Council's Internal Audit and Counter Fraud Service

Annual Internal Audit Plan 2019/20

**Health, Housing and Adult Social Care (HHASC)**

**ASC Budget Management** 25

An allocation of time to review budget management within Adult Social Care. This will build on the 2018/19 work and may focus on specific areas including high cost placements, internal provision and operating model, and market management.

**Homelessness** 20

A review of arrangements for preventing and tackling homelessness. This will include reviewing the council's compliance with the enhanced requirements of the Homeless Reduction Act 2017.

**Housing Delivery** 20

A review of the council's Housing Delivery Programme. This could include a review of overall strategy and governance or specific review of project management / delivery arrangements.

**Older People's Accommodation** 15

A review of the arrangements for delivering older people's accommodation programme. This will include risk management arrangements.

**Housing Rents** 25

Reviews of the systems to collect, record, reconcile and monitor housing rents. The audit will also examine the arrangements for dealing with arrears, which are an increasing risk.

**Safeguarding** 20

A review of controls and governance arrangements in place to manage the key risks relating to adult safeguarding.

**Building Services – Materials** 15

A review of the arrangements for managing the purchasing and use of materials for building services. Possibly to include the managed stores contract arrangements, van stocks and management controls over use of materials.

**Social Care Financial Assessments** 15

A review of the effectiveness of key controls in place for undertaking financial assessments for social care service users. The adequacy of the measures to identify and report fraud will also be examined.



**City of York Council's Internal Audit and Counter Fraud Service**

**Annual Internal Audit Plan 2019/20**

<b>Public Health</b>	25
<p>A review of key risks in relation to Public Health. The scope of the work will be agreed with officers during the year but is likely to focus on follow up of arrangements introduced in previous years and any relevant issues arising from the peer review taking place in March 2019.</p>	
<b>Integrated Care Partnerships</b>	10
<p>A review of arrangements for entering into and developing integrated care partnerships. The focus is likely to be on overall governance arrangements for the partnerships.</p>	
<b>TOTAL – Directorate Audits</b>	<b>450</b>



## City of York Council's Internal Audit and Counter Fraud Service

## Annual Internal Audit Plan 2019/20

## 6. OTHER CHARGEABLE WORK

Days**Audit and Governance Committee**

35

Provision to prepare reports for the Audit and Governance Committee, attend meetings and provide additional advice and support in relation to audit findings. This will also include an allocation of time to support review of the effectiveness of the committee.

**Audit Planning**

13

Preparation and monitoring of audit plans.

**Contingency Assignments**

20

Provision to undertake additional work in response to:

- specific requests from the Director of Customer and Corporate Services (the S151 Officer) or the Audit and Governance Committee.
- new or previously unidentified risks which impact on audit plan priorities
- significant changes in legislation, systems or service delivery arrangements
- requests from customers to audit specific services, systems or activities usually as a result of weaknesses in controls or processes being identified by management
- urgent or otherwise unplanned work arising from fraud investigations which identify potential control risks.

**Data Analysis**

10

An allocation of time for the development of data analysis techniques and specific data matching exercises, to enhance the delivery of planned audit work.

**External Audit Liaison**

5

Provision for regular liaison and information sharing with Mazars.



**City of York Council's Internal Audit and Counter Fraud Service**

**Annual Internal Audit Plan 2019/20**

<b>Follow Up Audits</b>	50
Provision to follow up previously agreed audit actions.	
<b>Freedom of Information Act Requests</b>	10
An allocation of time to provide responses to requests received by the council and to answer queries about audit work from councillors and the public.	
<b>Support, Advice &amp; Liaison</b>	25
Provision to provide ongoing advice and support on the design, implementation and operation of appropriate controls and for the overall management of audit work in each department.	
<b>TOTAL – Other Audit Work</b>	<b>168</b>
<b>TOTAL DAYS 2019/20</b>	<b>1,093</b>



**CITY OF YORK COUNCIL  
COUNTER FRAUD PLAN 2019/20**





City of York Council's Counter Fraud Service

**Annual Counter Fraud Plan 2019/20**

**CONTENTS**

- 1 Introduction
- 2 2019/20 Counter Fraud Plan



## City of York Council's Counter Fraud Service

### Annual Counter Fraud Plan 2019/20

#### 1. INTRODUCTION

- 1.1 This plan sets out the activities that the counter fraud service delivers for the City of York Council.
- 1.2 A total of 1060 days of counter fraud work has been agreed for 2019/20. A large proportion of this work will comprise reactive investigations which are determined by referrals received from officers and the public about suspected fraud. Other work will be undertaken in accordance with priorities determined by the Counter Fraud Risk Assessment and Counter Fraud Strategy Action Plan (presented to the Audit and Governance Committee in February).

#### 2. 2019/20 COUNTER FRAUD PLAN

- 2.1 A summary of planned areas of work is set out in the table below.

Area	Scope
Counter Fraud General	Monitoring changes to regulations and guidance, review of counter fraud risks, and support to the council with maintenance of the counter fraud framework. This will include completion of the annual counter fraud risk assessment and review of the counter fraud policy and strategy.
Proactive Work	This includes: <ul style="list-style-type: none"> <li>raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues</li> <li>targeted proactive counter fraud work - for example through local and regional data matching exercises</li> <li>support and advice on cases which may be appropriate for investigation and advice on appropriate measures to deter and prevent fraud.</li> </ul>

**City of York Council's Counter Fraud Service****Annual Counter Fraud Plan 2019/20**

Area	Scope
Reactive Investigations	Investigation of suspected fraud affecting the council. This includes feedback on any changes needed to procedures to prevent fraud recurring.
National Fraud Initiative (NFI)	Coordinating submission of data to the Cabinet Office for the NFI national fraud data matching programme and investigation of subsequent matches.
Fraud Liaison	Acting as a single point of contact for the Department for Work and Pensions, to provide data to support their housing benefit investigations.



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**Audit and Governance Committee**

6 March 2019

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

**Audit & Governance Committee Forward Plan to February 2020****Summary**

1. This paper presents the future plan of reports expected to be presented to the Committee during the forthcoming year to February 2020.

**Background**

2. There are to be six fixed meetings of the Committee in a municipal year. To assist members in their work, attached as an annex is the indicative rolling forward plan for meetings February 2020. This may be subject to change depending on key internal control and governance developments at the time. A rolling forward plan of the Committee will be reported at every meeting reflecting any known changes.
3. There have been no amendments to the forward plan since the last version was presented to the Committee in February.
4. **Consultation**
5. The forward plan is subject to discussion by members at each meeting, has been discussed with the Chair of the Committee and key corporate officers.

**Options**

6. Not relevant for the purpose of the report.

**Analysis**

7. Not relevant for the purpose of the report.

## **Council Plan**

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

## **Implications**

- 9.
- (a) **Financial** - There are no implications
  - (b) **Human Resources (HR)** - There are no implications
  - (c) **Equalities** - There are no implications
  - (d) **Legal** - There are no implications
  - (e) **Crime and Disorder** - There are no implications
  - (f) **Information Technology (IT)** - There are no implications
  - (g) **Property** - There are no implications

## **Risk Management**

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

## **Recommendations**

- 11.
- (a) The Committee's forward plan for the period up to December 2019 be noted.  
  
Reason: To ensure the Committee receives regular reports in accordance with the functions of an effective audit committee.
  - (b) Members identify any further items they wish to add to the Forward Plan.

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

**Contact Details**

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**Report  
Approved**



**Date** 25 Feb 2019

**Specialist Implications Officers**

None

**Wards Affected:** Not applicable

**All**

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

**Background Papers:**

None

**Annex**

Annex A - Audit & Governance Committee Forward Plan to February 2020

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## Audit & Governance Committee Draft Forward Plan to February 2020

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

Item	Lead officers	Other contributing Organisations	Scope
<b>Committee June 2019</b>			
Draft Statement of Accounts incl. Annual Governance Statement	<u>CYC</u> Emma Audrain/ Debbie Mitchell		To present the draft Statement of Accounts to the Committee prior to the 2017/18 Audit including the Annual Governance Statement
Annual Report of the Audit & Governance Committee	<u>CYC</u> Emma Audrain/ Debbie Mitchell		To seek Members' views on the draft annual report of the Audit and Governance Committee for the year ended 6 <sup>th</sup> March 2019, prior to its submission to Full Council.
Treasury Management Outturn Report	<u>CYC</u> Emma Audrain/ Debbie Mitchell		To provide Members with an update on the Treasury Management Outturn position for 2017/18.
Mazars Audit Progress Report	<u>Mazars – Gareth Davies/ Jon Leece</u>		Update report from external auditors detailing progress in delivering their responsibilities as the Council's external auditors
Annual Report of the Head of Internal Audit	<u>Veritau – Max Thomas/ Richard Smith</u>		This report will summarise the outcome of audit and counter fraud work undertaken in 2017/18 and provide an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal control
Key Corporate Risks Monitor	<u>CYC</u> Sarah Kirby		Update on Key Corporate Risks (KCRs) including: KCR7 – Capital Programme: Failure to deliver the Capital Programme which includes high profile projects

<b>Committee July 2019</b>			
Mazars Audit Completion Report	<u>Mazars</u> – Mark Kirkham, Mark Dalton		Report from the Councils external auditors setting out the findings of the 2018/19 Audit.
Final Statement of Accounts 2018/19	<u>CYC</u> Debbie Mitchell/ Emma Audrain		To present the final audited Statement of Accounts following the 2018/19 Audit.
Key Corporate Risks Monitor	<u>CYC</u> Sarah Kirby		Update on Key Corporate Risks (KCRs) including: KCR 8 - LOCAL PLAN: Failure to develop a Local Plan could result in York losing its power to make planning decisions and potential loss of funding
Information Governance & Complaints	<u>CYC</u> Lorraine Lunt		To provide Members with an update on current information governance issues.
Review of the effectiveness of the Audit & Governance Committee	<u>Veritau</u> – Max Thomas/ Richard Smith		Review of the effectiveness of committee - committee to determine approach.
Review of the constitution	<u>CYC</u> Alison Hartley		Update on the review of the constitution
<b>Committee September 2019</b>			
Mazars Annual Audit Letter	<u>Mazars</u> – Mark Kirkham, Mark Dalton		Report from the Councils external auditors setting out the findings of the 2018/19 Audit.
Key Corporate Risks Monitor	<u>CYC</u> Sarah Kirby		Update on Key Corporate Risks (KCRs) including: KCR 9 - COMMUNITIES: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.
Internal Audit Follow up of Audit Recommendations Report	<u>Veritau</u> – Max Thomas/ Richard Smith		This is the regular six monthly report to the committee setting out progress made by council departments in implementing actions agreed as part of internal audit work
Internal Audit & Fraud Plan Progress Report	<u>Veritau</u> – Max Thomas/		An update on progress made in delivering the internal audit work plan for 2019/20 and on current counter fraud activity

	<u>Richard Smith</u>		
Information Governance & Complaints	<u>CYC</u> Lorraine Lunt		To provide Members with an update on current information governance issues.
<b>Committee December 2019</b>			
Key Corporate Risks Monitor	<u>CYC</u> Sarah Kirby		Update on Key Corporate Risks (KCRs) including: KCR 10 – WORKFORCE/ CAPACITY: Reduction in workforce/ capacity may lead to a risk in service delivery
Mazars Audit Progress Report	<u>Mazars</u> – Mark Dalton/ Mark Kirkham		To present a report summarising the outcome of the 2018/19 audit and work on the value for money conclusion.
Treasury Management Mid year review 19/20 and review of prudential indicators	<u>CYC</u> Debbie Mitchell		To provide an update on treasury management activity for the first six months of 2019/20
Internal Audit & Fraud progress report	<u>Veritau</u> – <u>Max Thomas/</u> <u>Richard Smith</u>		An update on progress made in delivering the internal audit work plan for 2019/20 and on current counter fraud activity
Information Governance & Complaints	<u>CYC</u> Lorraine Lunt		To provide Members with an update on current information governance issues.
<b>Committee February 2020</b>			
Scrutiny of the Treasury Management strategy statement and Prudential indicators	<u>CYC</u> Debbie Mitchell		To provide an update on treasury management activity for the first six months of 2018/19
Mazars Audit Progress Report	<u>Mazars</u> – Mark Dalton/ Mark Kirkham		To present a report summarising the outcome of the 2017/18 audit and work on the value for money conclusion.
Counter Fraud: Risk Assessment & Review of policies	<u>Veritau</u> – Max Thomas/ Richard Smith		An update to the committee on counter fraud arrangements and action taken as part of the counter fraud strategy. To include a review of the fraud risk assessment and any updates to the counter fraud strategy and policy.

Audit & Counter Fraud Plan & Consultation	<u>Veritau – Max Thomas/ Richard Smith</u>		Consultation with the committee on its priorities for internal audit and counter fraud work for 2019/20.
Information Governance & Complaints	<u>CYC Lorraine Lunt</u>		To provide Members with an update on current information governance issues.
<b>Other Items to be brought to the Committee - date</b>			