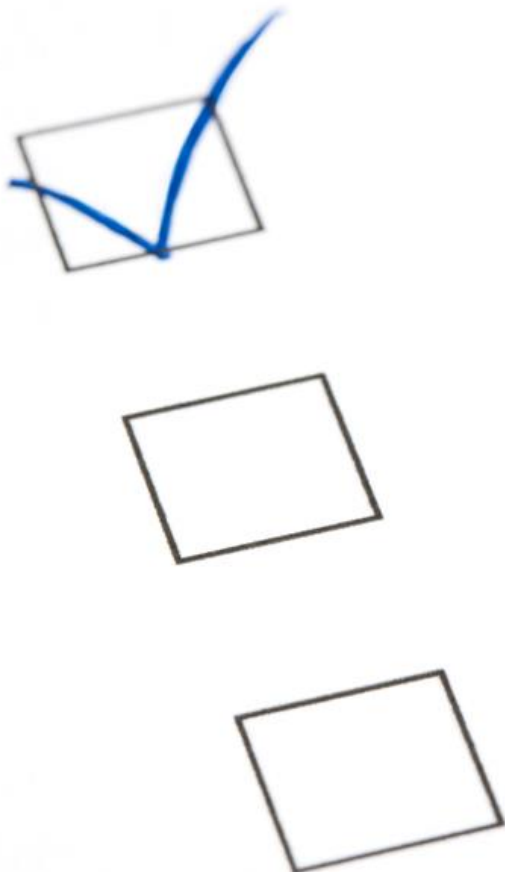


City of York Council



Audit Progress Report

June 2015



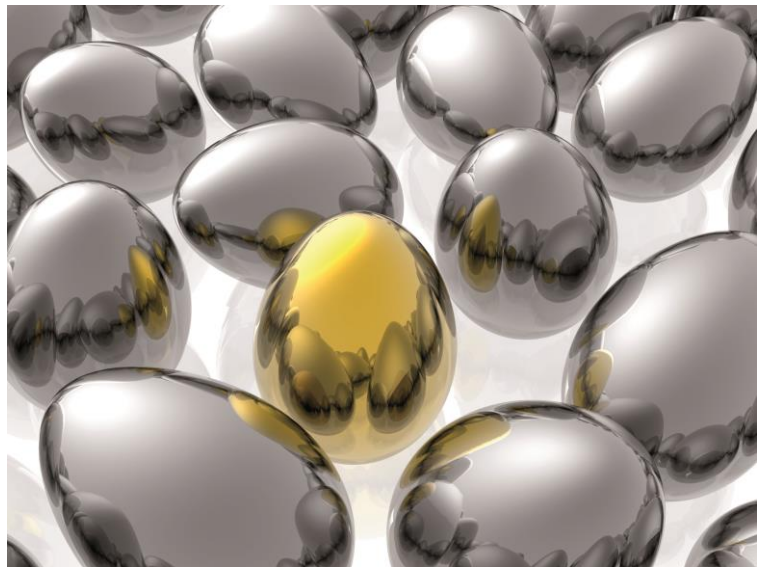
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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and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

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01



Purpose of this paper

The purpose of this paper is to update the Audit and Governance Committee on progress in meeting our responsibilities as your external auditor. We also include in this paper key emerging national issues and developments which may be of interest to members of the Committee.

If you need any additional information please contact Gareth Davies or Gavin Barker using the contact details at the end of this update.

02

Summary of audit progress



Objection to the 2013/14 accounts

For the benefit of new Members, there is an outstanding objection to the 2013/14 accounts in relation to the receipts arising from penalty charge notices for Lendal Bridge and Coppergate.

The objection to the accounts by a local elector is on the grounds that the income has been held unlawfully by the Council, and the objector is seeking that the auditor applies to the Courts to have the item of account declared contrary to law and issues a public interest report in relation to these matters.

The income relating to the penalty charge notices was £1.8m, which was below the level of materiality for our opinion on the financial statements, so we were able to issue an unqualified opinion on the 2013/14 financial statements, but we have been unable to certify completion of the audit until the objection has been determined.

The Council indicated that it will make a settlement payment where members of the public contest their penalty charge notices, and at its meeting on 20 January 2015, the Cabinet determined some additional actions in relation to the publicity and governance of arrangements for those wishing to contest their penalty charge notices, following legal advice from Queen's Counsel.

The Council was also seeking an update from the Traffic Penalty Tribunal (TPT) regarding the internal review request by the Council of the TPT decision in relation to Coppergate. The review decision was received in April 2015.

We have taken our own legal advice, and sought some additional information from officers, which has recently been provided. We are now in the process of framing our conclusions and we expect to determine the objection over the summer.

2014/15 Audit

Our audit work has continued to progress well.

Opinion audit

We have completed our interim work on financial systems.

We did not identify any significant issues that require reporting to members.

We are mindful that from 2017/18, the accounts and audit timetable will be brought forward significantly. With this in mind, we have continued to carry out early testing where we can. This year we have carried out early testing on capital items of property, plant and equipment, journals and income and expenditure items.

This is a step in the right direction, although we will need to work closely with officers in future years to ensure arrangements are made to meet the new deadlines from 2017/18.

We have maintained a dialogue with officers working on the production of the Authority's accounts. This has once again been a positive process and we envisage that this will help the audit of the accounts run more smoothly. We have discussed a number of technical issues, including the accounting treatment of schools and the Council's justification that group accounts are not required.

Officers have also informed us that the issues in relation to the bank reconciliation, reported in last year's audit, have now been substantively addressed. We will review the bank reconciliation in detail as part of our final accounts work.

VFM conclusion

Before its closure on 31 March 2015, the Audit Commission issued updated guidance in respect of the Value for Money (VfM) conclusion.

We are required to reach a conclusion on your arrangements to secure economy, efficiency and effectiveness in the use of resources. Our conclusion on your arrangements is based on two specified criteria :

- **securing financial resilience** – focusing on whether you are managing your financial risks to secure a stable financial position for the foreseeable future; and
- **challenging how you secure economy, efficiency and effectiveness** – focusing on whether you are prioritising resources within tighter budgets and the need to improve productivity and efficiency.

In addition, we have regard to:

- your system of internal control as reported in your own Annual Governance Statement;
- the results of the work of the Commission, other inspectorates and review bodies; and
- any other locally determined risk-based VfM work considered necessary.

The guidance is similar to last year, setting out guidance for each sector under the following areas:

- approach and specified reporting criteria;
- key sector issues;
- guidance on the specified reporting criteria;
- financial resilience;
- securing economy, efficiency and effectiveness;
- risks relevant to the specified reporting criteria; and
- supporting VfM tools.

The guidance also sets out the typical characteristics for each of the two criteria; we plan to use these as a framework to inform our work, taking into account any local risks we may identify, as set out in our Audit Strategy Memorandum presented to the previous meeting of the Audit and Governance Committee.

Our advisory Review of the Housing for Older People Project

Our advisory team was commissioned to carry out a review of the Housing for Older People Project, following the cessation of this procurement earlier this year.

Our team has completed the detailed review work, including review of supporting documentation and a wide range of interviews, and a draft report is being discussed with officers. It is envisaged that our final report will be presented to the next meeting of the Audit and Governance Committee on 29 July 2015.

Briefings for new Members of the Audit and Governance Committee

On 4 June 2015, we provided a briefing on the role of the external auditor to the two new independent members of the Audit and Governance Committee, and we are scheduled to provide a similar briefing to new councillors joining the Committee on 23 June 2015.

Certification of the housing benefits claim

As your appointed auditor, Mazars LLP acts as an agent of Public Sector Audit Appointments (PSAA) in carrying out certification work on the housing benefit subsidy claim. In previous years the Audit Commission made arrangements with the Department for Work and Pensions (DWP) for claim certification but this function has transferred to PSAA following the closure of the Audit Commission on 31 March 2015.

Prior to closure the Audit Commission made arrangements with DWP for appointed auditors to certify the housing benefit subsidy claims for 2014/15. In certifying these claims, all auditors are required to comply with a specified approach set out in a certification instruction.

We certify the claim by issuing a certificate which states whether the claim has been certified:

- without qualification;
- without qualification following an agreed amendment made by the Council; or
- with a qualification letter.

Where a claim is qualified because the Council has not complied with the strict requirements set out in the certification instruction, there is a risk that grant-paying bodies will retain funding claimed by the Council or claw back funding which has already been provided or has not been returned.

As reported to you in our Audit Strategy Memorandum, presented at the April 2015 meeting, the proposed fee for the certification of the housing benefit subsidy claim for 2014/15 is £15,220 plus VAT (2013/14 £18,304). The proposed fee reflects the scale fee set by the Audit Commission.

In addition to certification work carried out as agents of PSAA, we may also be engaged directly by the Council to carry out other certification work. Where this is the case we will agree separate engagement terms for each claim or return. We have recently agreed to undertake the work required on the 2014/15 teachers' pensions return as part of these arrangements for a fee of £2,750 plus VAT.

Management processes and oversight by those charged with governance

We have a good understanding of your governance arrangements but each year we write to you to formally update our understanding in accordance with auditing standards. Our request focuses on your arrangements to prevent and detect fraud and corruption, maintain effective internal controls and comply with law and regulations. We also seek information on your arrangements for identifying related parties.

The attached letters have been prepared from the Director of Customer and Business Support Services (on behalf of management) and the Chair of the Audit and Governance Committee (on behalf of those charged with governance) – see Appendices 1 and 2.

We will consider these responses further as part of our audit work.

03

Emerging issues and developments



The following pages outline for your attention some significant emerging issues and developments in respect of:

- Moving ahead with health and social care integration (CIPFA Briefing); and,
- Accounting for transport infrastructure.

Our proposals for a Yorkshire and Humber Governance Forum

Members may wish to be aware that we are seeking to establish a Yorkshire and Humber Governance Forum, targeted at Chairs and Vice Chairs of Audit Committees, with the aim of promoting good governance and sharing ideas and best practice.

The flyer attached as Appendix 3 to our Audit Progress Report sets out our proposals, including details of the two free places that are available to City of York Council.

We hope that the Council will find this a helpful initiative and will participate in it.

CIPFA briefing paper: Moving ahead with integration, *May 2015*

With health and social care finances under increasing pressure and little sign that the government can afford to pump in the additional resources which would be needed to maintain historic arrangements, the integration of health with social care has emerged as a key initiative. However, many local health and social care providers do not yet have a secure basis for medium-term planning, and without that there is a danger that the promising start represented by the Better Care Fund will be dissipated. If the best is to be made of such integration, CIPFA thinks that three conditions will need to be met as set out below.

First, it will need to recognise that combining two financially challenged systems will not in itself increase resources available. All the indications are that additional funding or changes to the regime for charging will also be needed.

Second, it is critical that the new government moves quickly to address the financial and policy framework for integration in 2016/17 and beyond.

Third, central and local health and social care leaders must take the right local actions to facilitate successful integration, concentrating on frontline practice.

The Council is well aware of the integration agenda. We have already discussed these and other issues with senior officers of the Council and the CCG and will continue to do so over the coming months.

<http://www.cipfa.org/cipfa-thinks/briefings>

Accounting for transport infrastructure – The long and winding road, Room 151 (Mazars briefing), April 2015

CIPFA published the original Code of Practice on Transport Infrastructure Assets in 2010, setting out significant changes in the measurement of transport infrastructure assets captured by the code. CIPFA has now confirmed that local authorities are required to implement the requirements for the first time in 2016/17.

The sheer size and complexity of the network of transport assets managed by local authorities is leading many in the sector to begin to worry about how prepared authorities are to meet the challenges that implementing the code brings.

One of the primary reasons for the change is the continuing qualification of the Whole of Government Accounts on the grounds of inconsistency in the measurement basis for transport infrastructure assets between central and local government. HM Treasury estimates that the impact of this inconsistency is a potential £232bn understatement of asset values, which gives a good idea of the scale of the restatements required by each local authority adopting the code.

Even a fairly small unitary authority is likely to have a few billion pounds worth of assets on their balance sheet with larger county areas potentially exceeding £10bn.

We have already started discussing this issue with officers who are aware of the task ahead.

<http://www.room151.co.uk/technical/accounting-for-transport-infrastructure-the-long-and-winding-road/>

04

Contact details



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Appendix 1

Management arrangements letter
from the Director of Customer and
Business Support Services



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24 June 2015

Dear Gavin

Management processes and arrangements

Further to your letter of 24 March 2015, please find the council's response to your questions, below.

1) Management processes in relation to fraud and error

Management discharges its responsibilities through systems of internal control. These controls are designed, amongst other things, to prevent any material mis-statement in the financial statements and to ensure that appropriate action is taken in the event of actual or suspected fraud occurring. The system of control and specific activities include:

- a corporate framework of standards, regulations, and rules for example the council's Constitution, Schemes of Delegation, and Finance and Contract Procedure Rules
- Codes of Conduct for members and officers
- Counter fraud and related policies which clearly outline to staff the council's commitment to the elimination of fraud and the steps that they should take in the event of fraud being suspected
- Register of members' interests, gifts and hospitality
- Register of officers' interests, gifts and hospitality.
- comprehensive budgetary control systems and regular budget and performance reporting arrangements

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- analytical review of the financial statements themselves
- administrative procedures (including the segregation of duties) and management supervision
- commissioning internal audit services from Veritau, this work includes reporting on the council's systems for financial accounting and financial management as part of its annual risk based internal audit plan.
- the provision of dedicated counter fraud services by Veritau who undertake proactive work to identify possible fraud and investigate all suspected cases of fraud which are identified (in accordance with an annual counter fraud plan).
- participation in the Audit Commission's National Fraud Initiative and investigation of potential benefit fraud cases identified by the Department for Work and Pensions (DWP)
- joint working protocols and arrangements with the DWP and the police to support the investigation of suspected fraud
- the provision of fraud awareness training for all relevant staff
- staff induction processes
- fraud awareness measures for example articles in staff newsletters and on the intranet
- publication of successful prosecutions through the local press
- provision of advice and guidance to managers to assist them in the prevention and detection of possible fraud.

The council's counter fraud policies and annual counter fraud plan cover the following main areas:

- creation of a council wide anti-fraud culture
- arrangements to deter and prevent fraud
- measures taken to detect fraud
- investigation of suspected cases of fraud
- application of appropriate sanctions and the recovery of losses due to fraud.

Details of the counter fraud work undertaken by Veritau during the year, and the outcome of investigations into suspected fraud have been reported to the Audit and Governance Committee. Regular reports to the

Committee on other counter fraud activities have also been made during the year.

2) Compliance with laws and regulations

The Monitoring Officer has a specific responsibility to ensure that the council operates lawfully. The council also has comprehensive arrangements in place to ensure that risks are managed and all relevant laws and regulations have been complied with.

The council has developed and implemented a system of assurances based on:

- objective setting – whereby the council’s strategic objectives are identified and assigned to individual directors or assistant directors
- risk assessment – whereby each director or assistant director identifies and prioritises the risks related to achieving those strategic objectives
- a Local Code of Corporate Governance – which is consistent with the principles of the CIPFA/SOLACE “Delivering Good Governance in Local Government” Framework and the council’s business model
- Annual Governance Statement – which sets out the council’s governance framework. The key elements of the governance framework consists of strategic planning processes, political and managerial structures and processes, management and decision making processes, policies and guidance, financial management, compliance arrangements, risk management, internal audit, counter fraud activities, performance management, consultation and communication methods and partnership working arrangements. A review of the governance framework is undertaken as part of the process to prepare the Annual Governance Statement. All significant governance issues are highlighted in the published Annual Governance Statement.

The council’s Cabinet is responsible for decision making within the policy and budget framework set by full Council. The corporate management team (CMT) has responsibility for implementing council policies and decisions, providing advice to members and for co-ordinating the use of resources and the work of the council’s directorates. The Cabinet and CMT monitor and review council activities to ensure corporate compliance with governance, legal and financial requirements.

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Specific policies, regulations and written guidance exist to support the council's corporate governance arrangements. The Officer Governance Group is responsible for monitoring the effectiveness of these arrangements and for the maintenance of appropriate systems of assurance. Assurance is obtained from the work of internal and external audit, inspection agencies and other relevant bodies.

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

The Audit and Governance Committee's terms of reference include the requirement to monitor the effective development and operation of risk management and corporate governance as well as to consider the council's compliance with its own and other relevant published regulations, controls, operational standards and codes of practice. The Committee is also responsible for keeping under review the council's Financial Regulations, Contract Procedure Rules, working protocols and codes of conduct and behaviour.

The Audit and Governance Committee receives assurance from management through the:

- receipt and approval of the annual counter fraud plan
- receipt and regular update reports from the Head of Internal Audit detailing the results of internal audit and counter fraud work, including the audit of the financial accounting and financial management of the organisation
- receipt of the annual report of the Head of Internal Audit which provides an overall opinion on the council's control environment including the arrangements to prevent and detect fraud.

I am not aware of any instances of non-compliance with relevant laws or regulations that would affect the financial statements.

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3) Litigation or claims

All known claims or liabilities known have been properly accounted for and provision made, where appropriate, including potential Business Rate appeals.

4) Related party transactions

On an annual basis all senior managers and elected members are asked to provide details of any interests they hold in other companies, transactions with the Council, employment by any other organisation and membership of any outside bodies. These forms are reviewed and subsequently queried with officers and members as appropriate to ensure that a full disclosure is made in the Statement of Accounts.

Signed by the Director of Customer and Business Support Services on behalf of management

Ian Floyd

24 June 2015

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Appendix 1

No	Question	Response
1	<p>Are you aware of any instances of actual, suspected or alleged fraud, either within City of York Council as a whole or within your department during the period 1 April 2014 – 31 March 2015?</p>	<p>Yes. Records of all suspected fraud, and outcomes of any investigation are maintained by Veritau, on behalf of the council.</p>
2	<p>Do you suspect fraud may be occurring, either within City of York Council or within your department?</p> <ul style="list-style-type: none"> • Have you identified any specific fraud risks within City of York Council/your department? • Do you have any concerns that there are areas within your department or City of York Council that are at risk of fraud? • Are there particular locations within City of York Council where fraud is more likely to occur? 	<p>Yes. On an annual basis, the council undertakes a risk assessment of service areas, and identifies areas where there are potential fraud risks. This is used to prioritise counter fraud activity. Please refer to the latest fraud risk assessment presented to the Audit and Governance Committee in February 2015.</p>
3	<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively?</p> <ul style="list-style-type: none"> • If not where are the risk areas? • What other controls are in place to help prevent, deter or detect fraud? 	<p>Yes. A summary of controls and other arrangements are set out in response to question 1, above.</p>
4	<p>How do you encourage staff to report their concerns about fraud?</p> <ul style="list-style-type: none"> • What concerns about fraud are staff expected to report? 	<p>The council has effective whistleblowing arrangements in place. A confidential reporting line is available through Veritau, the council's counter fraud provider. The council expects all non-trivial matters to be reported.</p>
5	<p>From a fraud and corruption perspective, what are considered to be high risk posts within your area of responsibility?</p> <ul style="list-style-type: none"> • How are the risks relating to these posts identified, assessed and managed? 	<p>The control environment that operates within the Council ensures that appropriate systems are in place to ensure separation of duties and authorisation of contracts and expenditure. Therefore no individual posts are considered high risk.</p>

6	<p>Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <ul style="list-style-type: none"> • How do you mitigate the risks associated with fraud related to related party relationships and transactions? 	<p>A full review of related party relationships has been undertaken and no issues have been identified as being of concern.</p>
7	<p>Are you aware of any entries made in the accounting records of City of York Council that you believe or suspect are false or intentionally misleading?</p> <ul style="list-style-type: none"> • Are there particular balances where fraud is more likely to occur? • Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of City of York Council? • Could a false accounting entry escape detection? If so, how? • Are there any external fraud risk factors which are high risk of fraud? 	<p>No. The final accounts have been prepared in accordance with proper practice. Detailed working papers are available and an analytical review completed.</p>
8	<p>Are you aware of any organisational, or management pressure to meet financial or operating targets?</p> <ul style="list-style-type: none"> • Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? 	<p>No. The Council reports its financial position to Cabinet on a regular basis which has highlighted areas of concern and actions being taken to mitigate those areas.</p>

Appendix 2

Oversight of management letter from the Chair of the Audit and Governance Committee (on behalf of those charged with governance)



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24 June 2015

Dear Gavin

Statement from those Charged with Governance – gaining assurance from management

Further to your letter of 24 March 2015, please find the Audit and Governance Committee's response to your questions, below.

1) Oversight of management processes in relation to fraud and error

Management discharges its responsibilities via systems of internal control, including Financial Regulations, Contract Procedure Rules and the Employee Code of Conduct, and via disciplinary procedures where fraud is highlighted as a dismissible event. The organisation also has in place appropriate counter fraud policies which clearly outline to staff the commitment to the elimination of fraud and the steps that they should take in the event of fraud being suspected.

The organisation commissions local counter fraud specialists from the council's shared service provider, Veritau Limited, to undertake an annual counter fraud plan of work on its behalf. The Director of Corporate and Business Support Services meets on a regular basis with the Head of Internal Audit (Veritau) to discuss progress.

The council's Counter Fraud and Corruption Policy and the annual counter fraud plan cover the following main areas:

- the creation of an anti-fraud culture

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- deterrence
- prevention
- detection
- investigation
- sanction
- redress

The Audit and Governance Committee receives reports on counter fraud risks, approves the annual counter fraud plan and receives regular updates on counter fraud activity.

2) Oversight of processes for identifying and responding to risks of fraud and breaches of internal control

All reported cases of suspected fraud are investigated by Veritau. Details of the counter fraud work undertaken by Veritau and the outcome of investigations into suspected fraud are reported to the Audit and Governance Committee.

Management also commissions internal audit services from Veritau. The company is required to report on the council's systems for financial accounting and financial management as part of its annual internal audit plan. This includes reporting potential errors or control weaknesses which may result in financial misstatement. The assurance gained contributes to the preparation of the Annual Governance Statement.

The Audit and Governance Committee receives assurance from management through:-

- receipt and approval of the annual internal audit plan
- receipt of regular update reports from the Head of Internal Audit detailing the results of internal audit and counter fraud work, including the audit of the financial accounting and financial management systems of the organisation
- receipt of the annual report of the Head of Internal Audit which provides an overall opinion on the council's control environment, including the arrangements to prevent and detect fraud.

The Audit and Governance Committee also receives and considers regular reports from its external auditors.

Specific weaknesses in internal control are summarised in the periodic monitoring reports and annual report brought to the committee by the Head of Internal Audit.

3) Assurance that relevant laws and regulations have been complied with

The council has developed and implemented a system of assurances based on:

- Objective setting – whereby the council's strategic objectives are identified and assigned to individual directors or assistant directors
- Risk assessment – whereby each director or assistant director identifies and prioritises the risks related to achieving those strategic objectives
- A Local Code of Corporate Governance – which is consistent with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework and the council's own Business Model
- Annual Governance Statement (AGS) – which sets out the council's governance framework. The key elements of the governance framework consist of strategic planning processes, political and managerial structures and processes, management and decision making processes, policies and guidance, financial management, compliance arrangements, risk management, internal audit, counter fraud activities, performance management, consultation and communication methods and partnership working arrangements. A review of the governance framework is undertaken as part of the process to prepare the AGS. All significant governance issues are highlighted in the published AGS.

The council's Cabinet is responsible for decision making within the policy and budget framework set by Full Council. The corporate management team has responsibility for implementing council policies and decisions, providing advice to members and for co-ordinating the use of resources and the work of the Council directorates. The Cabinet and corporate management team monitor and review council activities to ensure corporate compliance with governance, legal and financial requirements.

Specific policies, regulations and written guidance exist to support the council's corporate governance arrangements. The Officer Governance

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Group is responsible for monitoring the effectiveness of these arrangements and for the maintenance of appropriate systems of assurance. Assurance is obtained from the work of internal and external audit, inspection agencies and other relevant bodies.

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

The Audit and Governance Committee's terms of reference include the requirement to monitor the effective development and operation of risk management and corporate governance as well as to consider the council's compliance with its own and other relevant published regulations, controls, operational standards and codes of practice. The Committee is also responsible for keeping under review the council's Financial Regulations, Contract Procedure Rules, working protocols and codes of conduct and behaviour.

I am not aware of any instances of non-compliance with relevant laws or regulations that would affect the financial statements.

4) Litigation

All known claims or liabilities known have been properly accounted for and provision made, where appropriate, including potential Business Rate appeals.

5) Assessment of going concern assumption

Through its role in overseeing the operation of risk management arrangements, the Audit and Governance Committee receives regular reports from officers on significant risks (including financial risks) faced by the council. No risks have come to light through this process that would cast doubt on the council's ability to operate as a going concern. The committee will also receive the draft financial statements and will be able to challenge officers on the underlying assumptions, including the ability of the council to operate as a going concern.

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Signed by the Chair of the Audit & Governance Committee on behalf of those charged with governance:

Cllr Neil Barnes

24 June 2014

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Appendix 1

No	Question	Response
1	Are you aware of any instances of actual, suspected or alleged fraud during the period 1 April 2014 – 31 March 2015?	Yes. Records of suspected fraud, and outcomes of investigations are maintained by Veritau, on behalf of the council.
2	Do you suspect fraud may be occurring, within City of York Council? <ul style="list-style-type: none"> • Have you identified any specific fraud risks within City of York Council? • Do you have any concerns that there are areas within City of York Council that are at risk of fraud? • Are there particular locations within City of York Council where fraud is more likely to occur? 	Yes. On an annual basis, the council undertakes a risk assessment of service areas, and identifies areas where there are potential fraud risks. This is used to prioritise counter fraud activity. The latest fraud risk assessment presented to the Audit and Governance Committee was in February 2015.
3	Are you satisfied that internal controls, including segregation of duties, exist and work effectively? <ul style="list-style-type: none"> • If not where are the risk areas? • What other controls are in place to help prevent, deter or detect fraud? 	Yes. A summary of arrangements are set out in my responses to the questions above.
4	How do you encourage staff to report their concerns about fraud? <ul style="list-style-type: none"> • What concerns about fraud are staff expected to report? 	The council has effective whistleblowing arrangements in place. A confidential reporting line is available through Veritau, the council's counter fraud provider. The council expects all non-trivial matters to be reported.
5	From a fraud and corruption perspective, what are considered to be high risk posts within City of York Council? <ul style="list-style-type: none"> • How are the risks relating to these posts identified, assessed and managed? 	The control environment that operates within the Council ensures that appropriate systems are in place to ensure separation of duties and authorisation of contracts and expenditure. Therefore no individual posts are considered high risk.
6	Are you aware of any related party relationships or transactions that could give rise to instances of fraud? <ul style="list-style-type: none"> • How do you mitigate the risks associated with fraud related to 	A full review of related party relationships has been undertaken and no issues have been identified as being of concern.

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	related party relationships and transactions?	
7	<p>Are you aware of any entries made in the accounting records of City of York Council that you believe or suspect are false or intentionally misleading?</p> <ul style="list-style-type: none"> • Are there particular balances where fraud is more likely to occur? • Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of City of York Council? • Could a false accounting entry escape detection? If so, how? • Are there any external fraud risk factors which are high risk of fraud? 	No. The final accounts have been prepared in accordance with proper practice. Detailed working papers are available and an analytical review completed.
8	<p>Are you aware of any organisational, or management pressure to meet financial or operating targets?</p> <ul style="list-style-type: none"> • Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? 	No. The Council reports its financial position to Cabinet on a regular basis which has highlighted areas of concern and actions being taken to mitigate those areas.

Appendix 3

Our Proposals for a Yorkshire and Humber Governance Forum

Yorkshire and Humber Governance Forum



We are seeking to establish a Yorkshire and Humber Governance Forum, targeted at Chairs and Vice Chairs of Audit Committees, with the aim of promoting good governance and sharing ideas and best practice.

What is good governance?

Governance is about the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions, and lead and control their functions, to achieve their objectives.

Good governance combines the 'hard' factors – robust systems and processes, such as risk management, financial management, performance management and internal controls – with the 'softer' characteristics of effective leadership, a culture based on openness and honesty, and high standards of behaviour. It involves a combination of both internal and external focus, understanding the needs of service users and the public and maintaining clarity of purpose.

The best organisations use governance to create the culture and tone that underpins the delivery of service excellence.

Why establish a governance forum?

Local government and the wider public sector is facing greater change and transformation than ever before, driven by austerity, significant cuts in public spending and a sharper focus on improving

services and achieving better outcomes for local people.

Significant changes will include:

- new and innovative models of service delivery;
- commissioning services rather than directly providing them;
- making services more self financing and sustainable;
- managing demand and reducing reliance on the public sector;
- working more closely with partners and the voluntary sector; and,
- building community capacity and resilience.

This change brings with it new governance and oversight challenges and those charged with governance need to be well sighted on the implications of the changes for their responsibilities.

Who should attend the governance forum?

The governance forum is for elected members and independent members and is targeted at the Chairs and Vice Chairs of Audit Committees and others interested in governance.

How will the governance forum help?

The purpose of the Governance Forum would be to:

- promote good practice in governance;



- facilitate a dialogue, debate and sharing of ideas among those providing governance oversight and their peers;
- horizon scanning to ensure that the forums are briefed on the latest developments and key topical issues; and,
- provide a safe and secure forum for discussion with a professional input drawing on Mazars' wide range of experience and expertise.

What are the benefits for those that attend?

Those attending the Governance Forum will be better equipped to deal with their governance responsibilities and will benefit from:

- up-to-date briefings;
- a deeper understanding of key issues; and,
- a wider perspective on topics of interest and concern.

When will it meet?

The forum would aim to meet 3 times a year, and be broadly based around the accounts and audit timetable:

- January / February - Planning phase, identifying and addressing risks;
- May / June – Accounts production, annual reviews of governance arrangements; and,
- October – Reflections on audit completion, and horizon scanning on upcoming issues and developments.

The governance forum will meet for the first time in October 2015.

How much will it cost?

Each authority that we invite to join the governance forum will be entitled to two free spaces at each meeting.

If an authority wishes to nominate more than two delegates, each additional delegate will be charged at a nominal fee of £50 plus VAT (this charge will be per meeting).

Where will it meet and what will the format of the meeting be?

The venue and date of the first meeting is still to be confirmed.

The meeting will run from 10am to 12.30pm, with tea / coffee on arrival and including a tea / coffee break, and a buffet lunch / networking opportunity will be provided afterwards.