

Notice of a public meeting of

Audit and Governance Committee

- To:** Councillors Pavlovic (Chair), Fisher (Vice-Chair), Lomas, Mason, Wann, Webb and Carr
- Date:** Wednesday, 6 April 2022
- 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 disclosable pecuniary interest or other registerable interest they might have in respect of business on this agenda, if they have not already done so in advance on the Register of Interests.

2. Minutes (Pages 3 - 6)

To approve and sign the minutes of the meeting held on 9 March 2022.

3. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Please note that our registration deadlines have changed to 2 working days before the meeting, in order to facilitate the management of public participation at our meetings. The deadline for registering is **5.00pm on Monday, 4 April 2022**. Members of the public can speak on agenda items or matters within the remit of the committee.

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

Webcasting of Public Meetings

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

Written representations in respect of items on this agenda should be submitted to Democratic Services by **5.00pm** on **4 April 2022**.

4. Key Corporate Risks monitor 4 (Pages 7 - 44)

This report provides an update on the key corporate risks (KCRs) for City of York Council (CYC), which is included at Annex A.

5. Mazars Audit Progress (Pages 45 - 66)

The paper attached at Annex A from Mazars, the Council's external auditors, summarises the outcome of their audit of the Council's 2020/21 accounts and their work on the value for money conclusion.

6. Report of the Monitoring Officer (Pages 67 - 82)

7. Internal Audit & Fraud Plan & Progress report (Pages 83 - 106)

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

8. Internal audit and counter fraud plans 2022/23 (Pages 107 - 122)

This report seeks the committee's approval for the planned programme of internal audit work to be undertaken in 2022/23. It also includes the proposed plan for counter fraud work, for information.

9. Audit & Governance Work Plan (Pages 123 - 126)

To receive a plan of reports currently expected to be presented to future meetings of the Committee up to March 2023.

10. Urgent Business

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

Democracy Officer:

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

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

Contact details are set out above.

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Coronavirus protocols for attending Committee Meetings at West Offices

If you are attending a meeting in West Offices, you must observe the following protocols.

Good ventilation is a key control point, therefore all windows have been opened to allow adequate ventilation, they must be left as set prior to the start of the meeting.

If you're displaying possible coronavirus symptoms (or anyone in your household is displaying symptoms), you should follow government guidance. You are advised not to attend your meeting at West Offices.

Testing

The Council encourages regular testing of all Officers and Members and also any members of the public in attendance at a Committee Meeting. Any members of the public attending a meeting are advised to take a test within 24 hours of attending a meeting, the result of the test should be negative, in order to attend.

Test kits can be obtained by clicking on either link: [Find where to get rapid lateral flow tests - NHS \(test-and-trace.nhs.uk\)](https://www.nhs.uk/conditions/coronavirus/covid-19/testing/rapid-tests/), or, [Order coronavirus \(COVID-19\) rapid lateral flow tests - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/order-coronavirus-covid-19-rapid-lateral-flow-tests).

Alternatively, if you call 119 between the hours of 7am and 11pm, you can order a testing kit over the telephone.

Guidelines for attending Meetings at West Offices

- Please do not arrive more than 10 minutes before the meeting is due to start.
- You are not required to wear a face covering whilst in West Offices. CYC supports the decision of those who wish to do so.
- Visitors to enter West Offices by the customer entrance and Officers/Councillors to enter using the staff entrance only.
- Ensure your ID / visitors pass and lanyard is clearly visible at all time and worn around the neck.
- Regular handwashing for 20 seconds is recommended.
- Please use the touchless hand sanitiser units on entry and exit to the building and hand sanitiser within the Meeting room.
- Bring your own drink if required.
- Only use the designated toilets next to the Meeting room.

Developing symptoms whilst in West Offices

If you develop coronavirus symptoms during a Meeting, you should:

- Make your way home immediately
- Avoid the use of public transport where possible
- Follow government guidance in relation to self-isolation.

You should also:

- Advise the Meeting organiser so they can arrange to assess and carry out additional cleaning
- Do not remain in the building any longer than necessary
- Do not visit any other areas of the building before you leave

If you receive a positive test result, or if you develop any symptoms before the meeting is due to take place, **you should not attend the meeting.**

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City of York Council

Committee Minutes

Meeting	Audit and Governance Committee
Date	9 March 2022
Present	Councillors Pavlovic (Chair), Fisher (Vice-Chair), Lomas, Wann, Webb and Carr

74. 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.

75. MINUTES

The Committee discussed the minute 72 Review of the Constitution from the 2 February 2022 Committee meeting. Members considered whether resolved decision i.c. clearly outlined the Committees desire to outline when the Committee would think it was appropriate for an Executive Member to sit on a Planning Committee. Following the decision by the Committee officers noted that Council would have 3 options to vote on in relation to Executive Members on Planning Committees and agreed to share the wording of each option with the Committee.

Resolved: That the minutes of the meeting held on 21 January 2022 and 2 February 2022 be approved and then signed by the Chair as a correct record.

76. PUBLIC PARTICIPATION

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

Andy Mendus stated that he felt that the Public Works Loans Board interest rates forecasts appeared to be lower than expected and asked whether these were influenced by national government and does the Council have to follow these predictions. He asked if the Council would increase its cash

balances considering the rise in interest rates. Finally he asked if the Council should borrow more to invest and whether treasury management policy was a officer or Member lead policy.

77. SCRUTINY OF THE TREASURY MANAGEMENT STRATEGY STATEMENT AND PRUDENTIAL INDICATORS

Officers introduced the report noting that the Treasury Management Strategy Statement and Prudential Indicators had been to the Executive and Full Council and was now with this Committee for its scrutiny. Officers confirmed that Council was legally unable to borrow to invest and therefore borrowing is undertaken when it is deemed to be required.

Members enquired about the interest rates forecasts noting that the Committee were being presented with two separate forecasts within the agenda papers. It was confirmed that officers would weigh up the different forecasts and take a position based on both. The Council's current and future levels of expected debt was raised and Members considered whether the Council could look to borrow early to avoid interest rate rises. Officers informed the Committee that there would be a cost of carry when taking on debt early and this would have a revenue impact that was not affordable within the current approved budgets. However, they confirmed the Council can borrow more if required. It was noted that the PWLB rates provided a certain level of certainty and that Government could intervene on the cost of borrowing if they thought it was required.

The Committee asked whether the Treasury Management Strategy was officer or Member driven and it was established that this was a joint process. Members also asked whether the Council had any investments or contracts with Russian companies considering the current war in Ukraine. It was confirmed the Council had no direct investments in Russian or Belarusian companies. Yortender the Council's procurement portal had Russian companies as registered members however, these companies would still need to bid for a Council contract. The North Yorkshire Pension Fund Members were told appeared to have no direct investment but the fund was still exploring about 0.1% of assets to see whether there were any links.

The Chair noted the desire of the Committee to have two independent Members of the Audit and Governance Committee and asked if anyone with a Accounting Qualification was interest to support the Committee in its audit work then please get in touch with the Council's Democratic Services democratic.services@york.gov.uk.

Resolved:

- i. Note the treasury management strategy statement and prudential indicators for 2022/23 to 2026/27 at annex A.

Reason: So that those responsible for scrutiny and governance arrangements are properly updated.

78. PROGRESS AGAINST THE ACTION PLAN

The Committee received an update on the progress against the Action Plan created in response to the Public Interest Report. Members requested that greater detail against each of the actions be included in future reports, they noted that a full log of actions would make it easier to review progress.

Resolved:

- i. Noted the update provided on the progress against the delivery of the Action Plan prepared in response to the Report in the Public Interest dated 19 April 2021.

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

79. AUDIT & GOVERNANCE WORK PLAN

The Committee considered and noted the 2021-22 work plan.

Resolved:

- i. That the Committee work plan for 2021-22 be noted.

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

80. AUDIT & GOVERNANCE DRAFT WORK PLAN 2022-23

The Committee considered the proposed work plan for 2022/23 currently without the finalised dates noting that these were still being finalised. Members highlighted the October 2022 meeting as potentially being challenging with the number of items pencilled in for that date. The Committee therefore requested that if possible September and November dates be identified for potential meetings.

Resolved:

- i. That if possible September and November dates be identified for potential meetings.

Reason: So that the committee has a planned programme of work in place for 2022/23.

Cllr Pavlovic, Chair

[The meeting started at 5.37 pm and finished at 6.50 pm].



Audit & Governance Committee**6 April 2022**

Report of the Chief Finance Officer

Monitor 4 2021/22 - Key Corporate Risks**Summary**

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

Background

2. 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
3. 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

4. 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).
5. 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.
6. In addition to the current KCRs, in line with the policy, risks identified by any of the Directorates can be escalated to Council Management Team (CMT) for consideration as to whether they should be included as a KCR. KCRs are reported and discussed quarterly with CMT and Portfolio Holders.

Key Corporate Risk (KCR) update

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

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

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

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.

Impact					
Critical					
Major			6 (6)	1 (1)	
Moderate		1 (1)	3 (3)	1 (1)	
Minor					
Insignificant					
Likelihood	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- No new KCRs have been added since the last monitor
- Increased Risks – No KCRs have increased their net risk score since the last monitor
- Removed Risks – No KCRs have been removed since the last monitor
- Reduced Risks – No KCRs have reduced their net risk score since the last monitor

Updates to KCR risks, actions and controls

14. KCR1 – Financial Pressures. The council continues to recognise the risk of the increasing inflation rate which is creating greater cost pressures for the Council (and also has an impact on other KCRs as mentioned below). The risk caused by the Ukraine conflict on the economy has been added to the risk detail since the last review. The budget strategy for 22/23 has now been completed and this together with the existing mitigations in place would manage current economic risk and therefore the risk scores remain unchanged. The action for developing the 23/24 Budget Strategy has been added.

15. KCR2 – Governance. The date has been revised on the outstanding action to review the Constitution.

16. KCR6 Health & Wellbeing. The action to review the Outbreak Control Plan has been completed. A new control has been added to reflect the fact that the Outbreak Management Board has been stood down and the Covid monitoring role will pass to the York and North Yorkshire Health Protection Board and also the Health & WellBeing Board.

17. KCR7 – Capital Programme. The action for developing the 22/23 Budget Strategy has been completed and a new action for the forthcoming year's Budget Strategy (23/24) has been added.

18. KCR8 – Local Plan. A revised date has been added to the ongoing action to monitor controls for this risk.
19. KCR9 – Communities. A new risk has been added regarding the impact of the economy and pandemic on health and deprivation, in the context of the cost of living crisis. New controls have been added to note the new support of the Council for an Anti-Racism group as well as the role of the Financial Inclusion Steering Group and new Food roles in the Communities Team. A revised date has been added to the action to recruit to the Access Officer role. A new action has been added on the Financial Inclusion Framework.
20. KCR10 – Workforce/ Capacity. A revised date has been added to the ongoing action to review HR policies. The risk has been updated overall for the approach to living with Covid. A new risk is included to reflect current issues with the Council's pay structure and a number of new controls have been added including the use of retention payments for certain jobs. At present, the risk ratings remain unchanged and will be reviewed again at monitor 1 of 2022/23.
21. KCR11 – External Market Conditions. A new risk has been added to note the emerging risk of the increasing costs due to the conflict in Ukraine.
22. KCR12 – Response to Major Incidents. A revised date has been added to the ongoing action to review emergency and business continuity plans.

Options

23. Not applicable.

Council Plan 2019-2023

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

Implications

25. There are no further implications.

Risk Management

26. 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

27. Audit and Governance Committee are asked to:
- (a) consider and comment on the key corporate risks included at Annex A, summarised at Annex B;
 - (b) 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

Authors:

Helen Malam
Principal Accountant
(Corporate Finance)

Chief Officer Responsible for the report:

Debbie Mitchell
Chief Finance Officer

Lisa Nyhan
Corporate Risk and
Insurance Manager

**Report
Approved ✓**

**Date
25/3/22**

Specialist Implications Officer(s) None

Wards Affected All

Background Papers None

Annexes

A – Key Corporate Risk Register

B – Summary of Key Corporate Risks

C – Risk Scoring Matrix

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

Changes to Risk Register since Monitor 3

Key Corporate Risk	Changes
KCR1 Financial Pressures	New risk; completed action and new action added
KCR2 Governance	Revised date for action
KCR3 Effective and Strong Partnerships	None
KCR4 Changing Demographics	None
KCR5 Safeguarding	None
KCR6 Health and Wellbeing	Completed action and new control
KCR7 Capital Programme	Completed action and new action added
KCR8 Local Plan	Revised date for action
KCR9 Communities	New risk and implication; new controls; revised date for action and new action added
KCR10 Workforce/ Capacity	New risks; new controls; revised date for action
KCR11 External Market Conditions	New risk
KCR12 Major Incidents	Revised date

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

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Reduction in government grants leading to the necessity to make savings</p> <p>Increased service demand and costs (for example an aging population).</p> <p>Financial pressures on other partners that impact on the council</p> <p>The spending review is one year only for 2021/22 and 22/23.</p> <p>Financial impact of Covid-19 on Council budgets</p> <p>Financial impact of Covid-19 on the economy as a whole</p> <p>Lack of resources to fully utilise Covid-19 government funding within set timescales, which are very short</p>	<p>Potential major implications on service delivery</p> <p>Impacts on vulnerable people</p> <p>Spending exceeds available budget</p> <p>Lack of long term funding announcements from central government creates uncertainty which hinders long term financial planning</p> <p>Lack of long term funding announcements from central government may impact on staff retention as it creates uncertainty for temporary posts funded by external funding</p> <p>Covid-19 will result in additional expenditure pressures (eg. Staff, PPE) and a shortfall in income (eg parking, commercial property), which are unlikely to be fully reimbursed by</p>	Highly Probable	Major (21)	<p>Regular budget monitoring</p> <p>Effective medium term planning and forecasting</p> <p>Chief finance officer statutory assessment of balanced budget</p> <p>Regular communications on budget strategy and options with senior management and politicians</p> <p>Skilled and resourced finance and procurement service, supported by managers with financial awareness</p> <p>Ongoing analysis of implications of Covid-19 through budget monitoring and realignment of resources</p> <p>Robust recording of Covid 19 expenditure for DLUHC should increase likelihood of receiving the maximum reimbursement from central government</p> <p>Financial Strategy 2021/22 approved</p>	Probable	Major (20)	New Risk	<p>COMPLETED Development of budget strategy for 2022/23 (Debbie Mitchell, 31/01/2022)</p> <p>NEW Development of budget strategy for 2023/24 (Debbie Mitchell, 31/01/2023)</p>

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

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

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

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Increased interactions in relation to FOIA and transparency</p> <p>Failure to comply with data protection and privacy legislation</p> <p>Serious breach of health and safety legislation</p> <p>Failure to comply with statutory obligations in respect of public safety</p> <p>The initial response to Covid-19 required the Council to put in place urgent decision making guidance to ensure that decisions could be made rapidly, although there was no government guidance until 4 April.</p> <p>The actions to rectify governance weakness agreed by Council in May 2021 in response to the Public Interest Report (PIR) issued in April 2021 will not be achieved.</p>	<p>Increases in cases held or fines levied by Information Commissioner</p> <p>Failing to meet the legal timescales for responding to FOIA may result in reduced confidence in the council's ability to deal with FOIA and in turn, its openness and transparency</p> <p>Individuals will be at risk of committing criminal offences if they knowingly or recklessly breach the requirements of the GDPR legislation.</p> <p>Potential increased costs to the council if there are successful individual claims for compensation as a result of a breach of GDPR legislation.</p> <p>Impact on the end user/customer</p> <p>Public and staff safety may be put at risk</p> <p>Possible investigation by HSE</p>	Probable	Major (20)	<p>Electronic Communication Policy</p> <p>IT security systems in place</p> <p>Governance, Risk and Assurance Group (GRAG) covers a wide range of governance issues, including Covid-19 impacts</p> <p>Ongoing Internal Audit review of information security</p> <p>Health and Safety monitoring in place</p> <p>Regular monitoring reports to Audit & Governance committee and Executive Member decision sessions</p> <p>Open Data platform providing Freedom of Information (FOI) requested data</p> <p>Regular review of transparency code legislation and compliance</p> <p>Ongoing management of data architecture to provide de-personalised data to open data platform</p>	Possible	Major (19)	Revised date	<p>Review of Council constitution underway, to report to A&G and Council</p> <p>REVISED DATE (Janie Berry 31/5/22)</p> <p>Delivery of a comprehensive member development and training programme covering all aspects of governance and decision making. To include the constitution, safeguarding, information security. (Janie Berry 30/6/22)</p> <p>Ongoing review: Implementation and embedding of actions in response to the April 2021 PIR as agreed by Council in May 2021 (Janie Berry 31/12/22)</p>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to protect the health of citizens against preventable disease by ensuring appropriate levels of vaccination, immunisation and screening.</p> <p>Failure to demonstrate we are meeting the new responsibilities from central government which include;</p> <ul style="list-style-type: none"> • Outbreak control plan • Governance structure • Independent assurance process <p>Government policy in relation to Covid-19 may prioritise the economy over public health and lift restrictions too soon</p> <p>The impact of the non or late diagnosis of health issues due to the impact of Covid-19 on health services.</p>	<p>Likelihood of mass disease outbreaks</p> <p>Late diagnosis & delay in treatment of health conditions that could be identified earlier through routine screening e.g. breast & cervical cancer, diabetic sight loss</p> <p>Reduction in life expectancy</p>	Probable	Major (20)	<p>Liaison with NHS and Public Health England and development of plans to be able to make a large scale response e.g. Mass Treatment Plan.</p> <p>Health Protection Board recently established with good engagement across partners in local and regional meetings.</p> <p>Annual Health Protection Report to the Health and Wellbeing Board and Health & Adult Social Care Policy and Scrutiny Committee</p> <p>CYC Director of Public Health is co-chair with NHS England of the North Yorkshire & York Local Health Resilience Partnership.</p> <p>Internal audit of health protection governance has been completed giving reasonable assurance.</p> <p>Mass vaccination programme for flu and Covid</p> <p>The main focus of health protection since February 2020 being the public health response to the coronavirus pandemic. The Director of Public Health is leading the York response. An Outbreak Management Advisory Board</p>	Probable	Moderate (15)	Revised date	<p>The COVID-19 outbreak prevention, management and response will continue to be the main focus throughout 2021/22 and until the pandemic is declared over.</p> <p>COMPLETED Review of the Outbreak Control Plan (Sharon Stoltz, 31/5/22)</p> <p>Whilst the Covid pandemic has not been declared over, the Government moves to the next phase of living with Covid from 1st April 2022. Therefore our emergency outbreak response phase is over.</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Failure to protect citizens from the adverse impacts of climate change				<p>has been established together with a governance structure to oversee this work.</p> <p>The lessons learned from the peer review have been incorporated into the COVID-19 Outbreak Control Plan</p> <p>The publication of the 2020 to 2022 Director of Public Health Annual Report will be focused on the response to the COVID-19 pandemic</p> <p>NEW From April 2022 the Outbreak Management Board has been stood down as work around covid becomes business as usual. Covid will continue to be monitored and will be discussed through the York and North Yorkshire Health Protection Board. The Health and Wellbeing Board will also receive regular updates and will oversee broader issues relating to the recovery of the NHS and social care services as we come out of outbreak response.</p> <p>Climate change mitigation and adaptation programme</p>				

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Complex projects with inherent risks</p> <p>Large capital programme being managed with reduced resources across the Council</p> <p>Increase in scale of the capital programme, due to major projects and lifting of borrowing cap for Housing</p> <p>Reduction in expenditure required due to budget pressures as a result of Covid-19 may reduce future capital programmes</p> <p>Cost pressures due to increasing inflation rate (particularly in Construction)</p>	<p>Additional costs and delays to delivery of projects</p> <p>The benefits to the community are not realised</p> <p>Reputational Damage</p> <p>Pausing or stopping projects as a result of Covid-19 may create some compliance issues and may mean that existing projects require extensions</p>	Probable	Major (20)	<p>Project boards and project plans</p> <p>Regular monitoring of schemes</p> <p>Capital programme reporting to Executive and CMT</p> <p>Financial, legal and procurement support included within the capital budget for specialist support skills</p> <p>Project Management Framework</p> <p>Additional resource to support project management</p> <p>Capital Strategy 2021/22 to 2025/26 approved in Feb 2021</p> <p>Capital Programmes are sufficiently staffed to deliver to timescales</p> <p>Internal Audit Report gave reasonable assurance on project management arrangements</p> <p>Ongoing procurement and legal review to highlight any issues which may arise as a result of pausing projects due to Covid-19</p>	Possible	Moderate (14)	Action competed and new action	<p>COMPLETED Development of capital strategy for 2022/23 (Debbie Mitchell, 31/01/2022)</p> <p>NEW Development of capital strategy for 2023/24 (Debbie Mitchell, 31/01/2023)</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>Failure to agree and adopt a Local Plan for the City.</p> <p>The Draft Local Plan has started but not completed the Examination stage. There remains a risk that if the Plan fails this stage more work may be required and / or the plan has to be withdrawn by Council and submitted again after the evidence base has been updated. In these circumstances the overall risk score remains unchanged.</p>	<p>The Local Plan Examination process continues and the policies in draft Local Plan is a "material planning consideration" in the consideration and determination of planning applications. Development proposals which are not in accordance with the Draft Plan may continue to be submitted as planning applications, resulting in refusals of planning permission and an increase in planning appeals. An "adopted" Local Plan following the Examination by the Planning Inspectors would carry greater weight than the draft Plan.</p> <p>There may be a negative impact on the council's strategic economic goals and may have an adverse impact on investment in the city until there is an adopted Local Plan which provides greater direction through land use allocations and policies</p>	Probable	Major (20)	<p>The Plan is at the Hearing stage of the Examination Process (which commenced Dec 2019)</p> <p>Correspondence as to the latest local plan position is regularly published on the Councils website to ensure all parties are kept abreast of the Planning Inspector and CYC dialogue.</p> <p>The plan following national guidance, good practice and specialist legal advice.</p> <p>Continued close liaison with:</p> <ul style="list-style-type: none"> • DLUHC, • Planning Advisory Services • Planning Inspectorate • The appointed planning Inspectors. <p>The Local Plan Working Group (LPWG) , the Executive and full Council have all been engaged in the plan making process at appropriate stages and before submission of Draft Local Plan for Examination.</p> <p>Corporate Director for Place weekly monitoring / management of the process</p>	Possible	Major (19)	Revised date	<p>Ongoing action: Monitoring of controls</p> <p>REVISED DATE (Neil Ferris, 31/12/2022)</p>

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

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

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

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	<p>NEW - Increase in cost of living and in deprivation</p>			<p>Helpline – phone and inbox 7 days a week including bank holidays</p> <p>Covid-19 crisis funds to help the financially vulnerable</p> <p>New management structure (Mar 2021) appoints Director Of Customers and Communities</p> <p>Community Engagement Strategy published</p> <p>Volunteer Centre established through York CVS. 'People Helping People Strategy' being reviewed.</p> <p>NEW - Financial Inclusion Steering Group</p> <p>NEW - Establishment of Food roles in Communities Team</p> <p>NEW - Support for Anti-Racism group provided</p>				

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

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>The necessity to deliver savings has resulted in a reduced workforce requiring new and specialist skills</p> <p>Recruitment and retention difficulties as the council may be seen as a less attractive option than the private sector</p> <p>Lack of succession planning</p> <p>HR Policies may not be consistent with new ways of working (eg remuneration policy)</p> <p>Uncertainty around long term funding from central government.</p> <p>Adjustment to the new ways of working as a result of Covid-19 eg home working.</p>	<p>Increased workloads for staff</p> <p>Impact on morale and as a result, staff turnover in key services impacting on business continuity and performance</p> <p>Inability to maintain service standards</p> <p>Impact on vulnerable customer groups</p> <p>Reputational damage as a current and prospective employer.</p> <p>Single points of failure throughout the business</p> <p>Lack of long term funding announcements from central government may impact on staff retention as it creates uncertainty for temporary posts funded by external funding</p>	Probable	Major (20)	<p>Organisational Development Plan (replaces Workforce Strategy/ People Plan)</p> <p>Stress Risk Assessments</p> <p>PDRs</p> <p>Comprehensive Occupational Health provision including counseling</p> <p>HR policies e.g. whistleblowing, dignity at work</p> <p>Development of coaching/ mentoring culture to improve engagement with staff</p> <p>Corporate Cost Control Group monitoring of absence and performance reporting</p> <p>Apprenticeship task group</p> <p>Agency and Interim Staffing Policies</p> <p>Absence Management Policies</p> <p>Substance Misuse Policy</p>	Possible	Moderate (14)	Revised date	<p>Ongoing action: Review of HR policies to ensure they complement the new ways of working in the future</p> <p>REVISED DATE (Helen Whiting, 31/06/22)</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Additional workload due to Covid-19, although this is reducing.</p> <p>Reduction in posts due to restructures required to achieve budget savings</p> <p>Potential strike action</p> <p>Lack of qualified workforce (eg care staff, HGV drivers)</p> <p>Ongoing national skills shortage</p> <p>NEW Pay structure issues causing pressure at lower end having knock on impact on middle grades and especially supervisory roles around Grade 5</p>	<p>Potential recruitment issues if staff with EU citizenship leave and are difficult to replace.</p> <p>Impact on the health & wellbeing of staff has been and will be significant and may increase early retirements and leavers. Due to</p> <ul style="list-style-type: none"> • Remote working (working from home) can have a negative impact on wellbeing. • Work life balance – unable to separate work from home due to work being carried out within the home • Juggling childcare and working hours • Supporting home schooling for children <p>However many staff may see an increase in their Health & Well Being due to more agile working. Having greater flexibility between work and home life. As we are able to start returning to the office in a covid secure way it is expected that this will have an increase in Health & Well Being.</p>			<p>A Workplace Health & Wellbeing Group has been established with staff & trade union representation which is chaired by the Head of HR.</p> <p>A staff health & wellbeing survey has been undertaken & this is being followed up by staff focus groups.</p> <p>Increase in regulatory compliance to protect the workforce eg Health and Safety regulations, working time directives</p> <p>Increase in Living wage (although there is no control over this rate and conflicts with NJC rates)</p> <p>Engagement with staff that had concerns about the EU settlement Scheme for European Citizens and offer of support through York Learning, Registrars and Citizens' Advice Bureau</p> <p>Joint Health and Safety Board and regular review of support for staff</p> <p>Vacancy Control Group set up as a result of budgetary savings and to mitigate any compulsory redundancies</p> <p>Improved frequency of informal and formal meetings with Trade Unions to improve communications and relationships</p>				

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	<p>More agile and flexible working may also result in increased retention of staff and increase the attraction of candidates for vacant positions.</p>			<p>Staff questionnaire about returning to the workplace and impact on their health & well being</p> <p>Increased help and awareness of staff wellbeing and mental health as a result of the new ways of working including Covid secure workspace, provision of PPE, establishment of office readiness group, regular communication and information sessions, advice, risk assessments, help with home office and ICT equipment, absence systems, symptom free testing and vaccinations, close working with Public Health.</p> <p>Business Continuity Planning to assist with redeployment of staff or reduction of service during times of shortage eg HGV drivers</p> <p>NEW Managers being equipped with the right training to manage and lead teams and workforce plan</p> <p>NEW Review of job descriptions and not one size fits all</p> <p>NEW Retention payments and market supplements agreed for key posts</p>				

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

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

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

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KCR 12 MAJOR INCIDENTS: Failure to respond appropriately to major incidents. Local Authorities are required by law to make preparations to deal with emergencies. Local Authorities have four main responsibilities in an emergency 1. to support the Emergency Services, 2. to co-ordinate non-emergency organisations, 3. to maintain their own services through a robust Business Continuity Management process, 4. to facilitate the recovery of the community and 5. since 2013 the council also has a statutory duty to protect the health of the population under the Health and Social Care Act 2012 and the transfer of public health responsibilities to local authorities. The Council must ensure that its resources are used to best effect in providing relief and mitigating the effects of a major peacetime emergency on the population, infrastructure and environment coming under 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
<p>An uncoordinated or poor response to a major incident such as:</p> <ul style="list-style-type: none"> • Flood • Major Fire • Terrorist Attack • Pandemic • Local lockdown due to Covid-19 <p>Failure to protect citizens from the adverse impacts of climate change</p>	<p>Serious death or injury</p> <p>Damage to property</p> <p>Reputational damage</p> <p>Potential for litigation</p> <p>Potential for corporate manslaughter charges if risks are identified and proposed actions not implemented</p> <p>Reduction in life expectancy</p>	Probable	Catastrophic (24)	<p>Emergency planning and Business Continuity Plans in place and regularly reviewed</p> <p>Strong partnerships with Police, Fire, Environment Agency and other agencies</p> <p>Support to Regional Resilience forums</p> <p>Support and work in partnership with North Yorkshire local resilience forums</p> <p>Investment in Community Resilience (re Flooding)</p> <p>Work with partners across the city to minimise the risk of a terrorist attack</p> <p>Implemented physical measures for certain events</p> <p>Review of city transport access measures</p>	Possible	Major (19)	Revised date	<p>Ongoing action: Regular review of emergency and business continuity plans</p> <p>REVISED DATE (Neil Ferris, 31/6/22)</p> <p>Improvements to enhance flood protection (The Environment Agency)</p>

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

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KEY CORPORATE RISK REGISTER SUMMARY

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

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Annex C- Risk Matrix

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

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Audit & Governance Committee**6 April 2022**

Report of the Chief Finance Officer

Auditors Annual Report 2020/21**Summary**

1. The paper attached at Annex A from Mazars, the Council's external auditors, summarises the outcome of their audit of the Council's 2020/21 accounts and their work on the value for money conclusion.

Recommendation

2. Audit & Governance Committee note the matters set out in the Annual Audit Report presented by Mazars.

Reason: To ensure that Members are aware of the issues raised.

Background & Analysis

3. The report covers:
 - a. Audit of the financial statements
 - b. Commentary on value for money arrangements
 - c. Other reporting responsibilities and fees.

Options

4. Not relevant for the purpose of this report.

Corporate Priorities

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

Implications

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

Contact Details

Author:

Emma Audrain
Technical Accountant
Corporate Finance

Chief Officer responsible for the report:

Debbie Mitchell
Chief Finance Officer

Report approved

Date

Specialist Implications Officer(s) None

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

All

For further information please contact the author of this report

Background Papers:

None

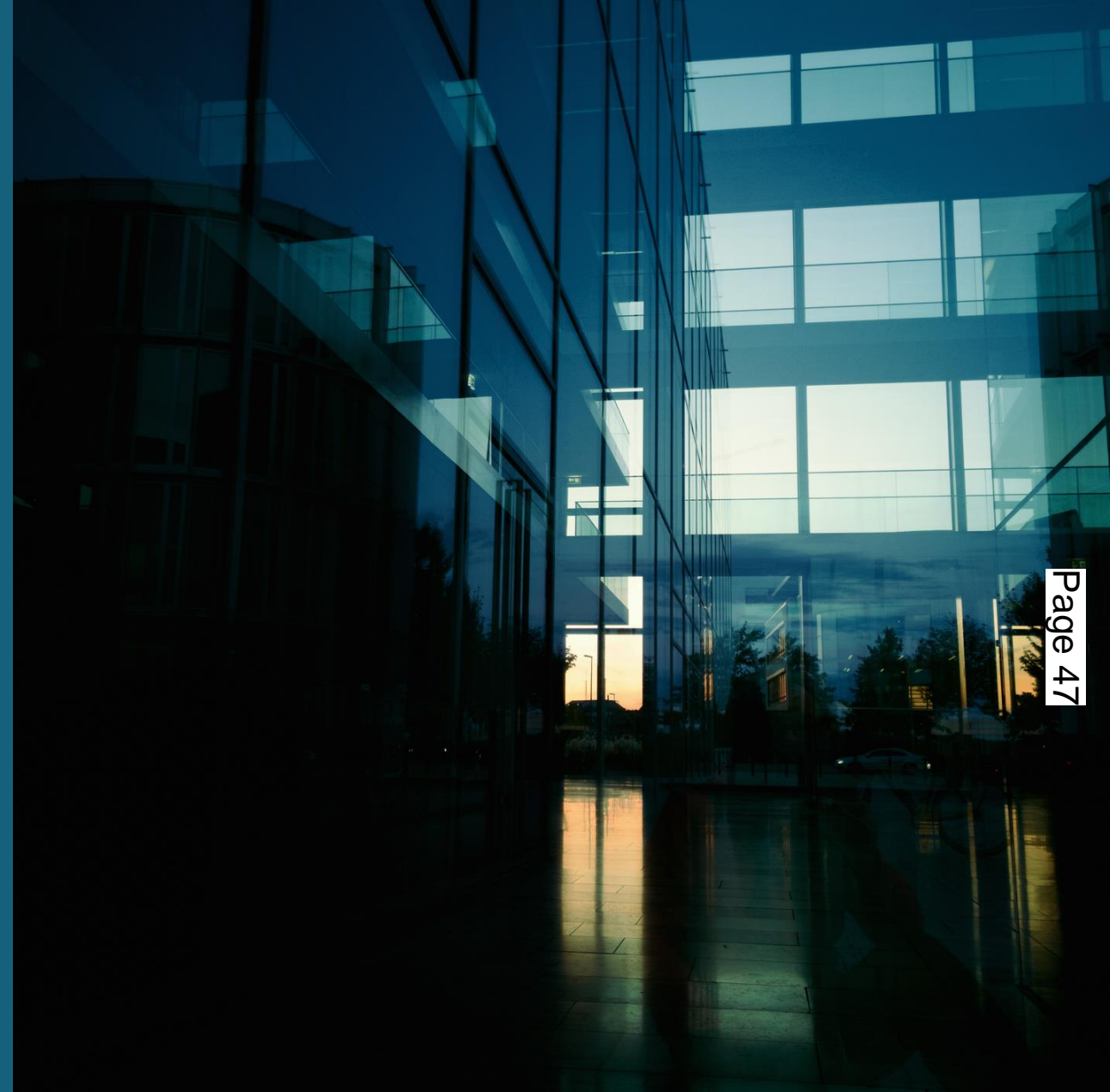
Annexes:

Annex A – Mazars Annual Audit Report 2020/21

Auditor's Annual Report

City of York Council – year ended 31
March 2021

March 2022



Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on value for money arrangements
- 04** Other reporting responsibilities

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

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

01

Section 01: **Introduction**

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for City of York Council ('the Council') for the year ended 31 March 2021. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 10 February 2022. Our opinion included exceptions in respect of the Council's value for money arrangements.



Value for money (VFM) arrangements

In our audit report issued we reported that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements.



Wider reporting responsibilities

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

02

Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2021 and of its financial performance for the year then ended. Our audit report, issued on 10 February gave an unqualified opinion on the financial statements for the year ended 31 March 2021.

Our Audit Completion Report (ACR) 2020/21, presented to the Governance and Audit Committee on the 2 February 2022, provides further details of the findings of our audit of the Council's financial statements. We also issued an ACR follow-up letter, 10 February 2022. These documents include our conclusions on the identified audit risks and areas of management judgement, internal control recommendations and audit misstatements identified during the course of the audit. There are no matters raised in our Audit Completion Report 2020/21 that we need to repeat in this report.

03

Section 03:

Commentary on VFM arrangements

3. Value for money (VFM) arrangements – Overall summary

Approach to value for money arrangements work

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

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks.
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council

has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses. We outline the risks that we have identified and the work we have done to address those risks on page 9.

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement. We outline the identified significant weaknesses and our associated recommendations on page 15.

The table below summarises the outcomes of our work against each reporting criteria. On the following page we outline further detail of the work we have undertaken against each reporting criteria, including the judgements we have applied.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	10	No	No
Governance	12	Yes – see risk on page 9	Yes – see recommendation on page 15
Improving economy, efficiency and effectiveness	14	Yes – see risk on page 9	Yes – see recommendation on page 15

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

3. VFM arrangements – Governance

Risks of significant weaknesses in arrangements

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>1</p> <p>We issued a Public Interest Report on 19 April 2021 including recommendations to address the significant weaknesses we identified in the Council’s arrangements in respect of the severance of the former Chief Executive:</p> <ul style="list-style-type: none"> • elements of the exit package, described in both the business case considered by Members and in the financial statements as contractual, were paid at the discretion of the Council and were not contractual entitlements; • the business case considered by Members did not include sufficient facts, both in terms of financial analysis and background information, to make an informed decision; • decision records that document the use of public funds under the scheme of delegation were not maintained; and • safeguards to prevent conflicts of interest and demonstrate the Council applies the principles and values of sound governance were not applied. 	<p>Work undertaken</p> <p>We continue to work with management to monitor progress addressing the recommendations in the Public Interest report. A key part of management’s response is an update to the Council’s Constitution, which management plan to take to Council in March 2022.</p> <p>The Council has engaged the Local Governance Association (LGA), who have been commissioned to complete a review of management’s action plan which was adopted to address the issues highlighted in the Public Interest Report.</p> <p>Results of our work</p> <p>As stated above, this work is still underway and expected to be concluded in 2022.</p>

Page 55

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

How the Council identifies significant financial pressures that are relevant to its short and medium-term plans

In February 2021, the Financial Strategy 2021/22 to 2025/26 (MTFS) was approved. The strategy includes financial projections, analysis and context to support the delivery of the Council's key priorities as set out in the Council Plan (2019-23) and emerging priorities as a result of the pandemic.

The Financial Strategy is refreshed annually to ensure decisions are based on the latest information. The February 2021 update considered the impact of the Government's local government finance settlement, the impact of Covid-19 and changes to local taxation retention. This refresh also took into account the impact of the Council's 2021/22 budget and changes to the Council's key priorities as a consequence of the pandemic. Currently the MTFS is predicated by detailed assumptions up to 2023/24 and as more information becomes available management intends to update its assumptions for the remaining years.

The Council's capital investment plan (2021/22 to 2025/26) sets out the long-term capital programme and is underpinned by the Council's annual capital financing investment strategy (2021/22) and treasury management strategy (2021/22 to 2025/26).

Quarterly budget position statements are considered by the Executive and are underpinned by budget monitoring arrangements at service level which are reported to the Council Management Team. These reports provide a clear summary of the projected outcome and the actuals, along with supporting narrative to explain significant changes and pressures. Implications of overspends and non-delivery of planned savings and efficiencies are set out in each report.

Savings and efficiency requirements are identified as part of the annual budget and MTFS setting process. In 2020/21 a saving requirement of £4.3m was identified, which built on existing saving plans already included in the MTFS. The plans predominantly related to Health, Housing and Adult Social Care where savings targets amount to £2.1m.

The Council has a good track record of delivering its budget. In 2020/21 the Council reported an overspend of £1.2m against its £127m net revenue budget but this was bridged by a planned use of reserves. In its latest budget position statement (quarter 3, 2021/22), management is projecting a £10.0m overspend against its net revenue budget of £127m. Consistent with previous years, adult and children's social care continue to be risk areas. The Council plans to bridge this gap by identifying additional savings and by use of earmarked reserves to break even at 31 March 2022.

We have seen evidence of effective financial management arrangements despite the continued financial pressures, including the on-going Covid-19 pandemic, and issues relating to adults and children's social care.

How the Council plans to bridge funding gaps and identifies achievable savings

The overarching MTFS includes the identification of savings and efficiencies up to 2025/26 after taking into account estimated funding. The MTFS highlights a potential budget gap of £19.5m over the life of the MTFS, which the Council plans to mitigate by identifying additional savings, increasing income or the use of reserves. Management has, however, confirmed that the size of the gap will be revisited as more financial information becomes available.

The annual budget savings cycle is a continuous approach with budget developments brought to the Executive for consideration throughout the year so that resources allocation decisions can be monitored.

The 2020/21 budget included savings of approximately £4.3 million (building on savings already included in the MTFS), of which approximately £2.9m (67.4%) was achieved. In the context of the net budget, this is not a significant amount. The 2021/22 budget, approved in February 2021, included a savings total of £7.9m, of which £4.2m related to the People Directorate (which includes several saving plans for adult and children's social care). At the time of writing this report, the Council is forecasting that £1.8m of this saving target will be achieved, however Covid-19 funding has been allocated to off-set this pressure.

In February 2022 the Council updated its Minimum Revenue Provision (MRP) policy following a consultation with Link Group. Link's review recommended the Council change its MRP calculation for both funded and unfunded borrowing, resulting in a reduction in MRP charges of circa £10m over the next 5 years..

While the Council faces significant pressures to deliver its savings plans, our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council's MTFS provides a framework to achieve a sustainable financial position over the medium-term, aligned to the Council Plan. The key principles within the MTFS are designed to:

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

- ensure resources are allocated to statutory and front-line services and protecting key priority services, focused on need rather than want; and
- managing demand by implementing strategies and policies that deliver the Council's plans.

How the Council ensures that its financial plan is consistent with other plans

The Council's MTFS sets out the financial context for the Council's resource allocation process and budget setting and underpins decision-making arrangements.

As part of ensuring the consistency of the MTFP and annual budget with other plans, significant consultation is undertaken on the budget, both with internal and external stakeholders.

How the Council identifies and manages risks to financial resilience

As part of the annual budget setting process, the Council's s151 officer sets out an assessment of the adequacy of reserves and the robustness of budget estimates. Risk factors are considered as part of this assessment, including the level of reserves, prudential and treasury indicators and the reliability of inflation estimates. This is underpinned by the review of reserves set out in the annual update of the Council's MTFS, which includes an estimate of projected earmarked reserves.

Earmarked reserves as at 31 March 2021 were £88.5m (including a general fund balance of £11.2m), compared to £31.6m the prior year. Much of the significant increase was due to additional the Section 31 Business Rates Grants and the Covid-19 funding reserves totalling £43.0m (£0m in 2019/20) received in year. These reserves are forecast to be used in 2021/22 to support the Collection Fund deficit arising from the pandemic and to support services impacted by Covid. Earmarked reserves (including the general fund balance) are regularly reviewed and are projected to reduce over the life of the MTFS.

Our work did not identify a significant weakness in the Council's arrangements in relation to the financial sustainability reporting criteria.

3. VFM arrangements – governance

Overall commentary on the governance reporting criterion

How the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council's Annual Governance Statement sets out how the Council has complied with this Code during the year. The Statement also includes an update on the Council's consideration of the Public Interest Report.

The corporate risk register is considered by the Corporate Management Team and Audit and Governance Committee, setting out strategic and corporate risks, along with sources of assurance, both internal and external. There is evidence of challenge by Committee Members of this summary, which provides a useful overview of the many sources of evidence and various assurance activities.

The Audit and Governance Committee received regular updates on the Internal Audit Plan. Internal Audit reviews highlight weaknesses and recommends to strengthen processes or procedures. These are regularly reported to the Audit and Governance Committee which actively monitors actions in response to recommendations. The Audit and Governance Committee challenges management if recommendations are not implemented within the agreed timeframe

The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control which was reported to the Audit and Governance Committee in June 2021. The overall opinion was substantial assurance for 2021.

How the Council approaches and carries out its annual budget setting process

The Council's MTFS arrangement includes the identification and evaluation of risks to the Council's finances. Overall, the Council is aware of the financial pressure it faces. We confirmed that scenario plans are in place to identify the potential financial impact of risks occurring.

Our review of the budget setting arrangements did not identify evidence of a significant weakness in arrangements.

How the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency

We have reviewed Council reports and minutes throughout year and have not identified any evidence of

weaknesses in arrangements not already outlined in this report.

The Council publishes on its website a notice of key decisions. This includes officer decisions under the Officer Scheme of Delegations.

The Council has several scrutiny committees which provide an opportunity to challenge decisions. A Scrutiny Committee Structure and Operational Task Group is in place to oversee and coordinate the work.

The Council successfully implemented measures to ensure that services could continue despite the restrictions arising during the Covid-19 pandemic. The arrangements included live streaming to allow the public to observe Council meetings.

How the Council monitors and ensures appropriate standards are maintained

The Council's Constitution is currently being reviewed as part of the Council's response to the Public Interest Report issued in April 2021. The Constitution sets out how the Council operates, how decisions are made and the rules and procedures which are followed to ensure that these are efficient and transparent to local people.

The Constitution is supported by Codes of Conduct for Members and officers. Registers of gifts and hospitality and registers of interest are maintained for Members and officers and are available on the Council website. The Statement of Accounts records material related party transactions as well of senior officer pay and Member allowances. We considered these disclosures and compared them with the interests declared, with no significant issues arising.

We confirmed that contract procedure rules are in place and require procurement decisions to comply with appropriate standards. Contract registers are available on the Council website.

3. VFM arrangements – governance

Overall commentary on the governance reporting criterion - continued

There is regular reporting of treasury management activity that details the Council's investments, cash and borrowing positions. The Treasury Management Strategy was approved ahead of the 2020/21 financial year and sets out the Council's measures against which treasury management can be assessed. The measures include those designed to mitigate risk to the Council's finances and we identified no evidence to indicate a weakness in arrangements.

The Joint Standards Committee is responsible for promoting, maintaining and advising on high standards of conduct by councillors and co-opted members.

As highlighted on pages 9 and 15, we reported significant weaknesses in arrangements in our Public Interest Report issued on 19 April 2021 together with recommendations to address the deficiencies.

No other weaknesses have been identified.



3. VFM arrangements – improving economy, efficiency and effectiveness

Overall commentary on the improving economy, efficiency and effectiveness reporting criterion

How financial and performance information has been used to assess performance to identify areas for improvement

Arrangements are in place to measure the quality of services, to ensure they are delivered in line with the Council’s objectives and priorities, and for ensuring that they provide value for money. Performance management arrangements include regular reporting to the Executive.

Performance is monitored by the Executive, including scrutiny of the full-year Performance Report. As highlighted in the Financial Resilience section of this report, the Council’s MTFS is used to assist the Council deliver key Corporate objectives and strategies, which is regularly reviewed by Members.

How the Council evaluates the services it provides to assess performance and identify areas for improvement

Alongside the performance framework, the Council also considers the output from regulators to evaluate performance and identify areas for improvement. The output from regulators feeds into the Council’s overall corporate risk register, which is reported to the Governance and Audit and Committee.

How the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council Plan 2019-23 sets out the long-term ambitions and priorities for the Council across its service areas. While the plan makes reference to partnership working, it does not explicitly confirm how these arrangements will work but our wider knowledge of the Council provides assurance that these arrangements are in place.

Along with North Yorkshire County Council, the Council is a member of York and North Yorkshire Local Enterprise Partnership. The partnership oversees and makes decisions about the region’s strategic economic plan.

The Council is also a non-constituent member of West Yorkshire Combined Authority which, in conjunction with

other councils across the city region, is responsible for economic development, regeneration and transport decisions in an area.

The Council is leading member the York Health and Wellbeing Board, which brings together leaders from across the district including the Council, the NHS, the Police, Fire and Rescue, social housing and the Voluntary and Community sector, to provide strategic leadership across a wide range of health and wellbeing outcomes across local area and the wider North Yorkshire region.

The Council works in partnership with Humber, Coast and Vale Health and Care Partnership, the local Integrated Care System, which brings together NHS organisations, councils, charities and the community and the social enterprise sector to improve health and wellbeing.

When the budget has been approved the Council produces an annual plan for all procurements of works, goods or services to be undertaken in the forthcoming financial year. Individual procurement plans are approved by the Chief Financial Officer before they are included in the procurement plan, which is published on the Council website.

As highlighted on pages 9 and 15, we reported significant weaknesses in arrangements in our Public Interest Report issued on 19 April 2021 together with recommendations to address the deficiencies.

No other weaknesses have been identified.



3. Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified significant weaknesses in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement
<p>1 We issued a Public Interest Report on 19 April 2021 including recommendations to address the significant weaknesses we identified in the Council’s arrangements in respect of the severance of the former Chief Executive:</p> <ul style="list-style-type: none"> elements of the exit package, described in both the business case considered by Members and in the financial statements as contractual, were paid at the discretion of the Council and were not contractual entitlements; the business case considered by Members did not include sufficient facts, both in terms of financial analysis and background information, to make an informed decision; decision records that document the use of public funds under the scheme of delegation were not maintained; and safeguards to prevent conflicts of interest and demonstrate the Council applies the principles and values of sound governance were not applied. 	○	●	●	<ul style="list-style-type: none"> The Council should adopt and apply appropriate standards for business case preparation in relation to exit and pension discretions to improve information supporting decisions. Decision notes should be maintained that document the factors that explain the case for the use of public funds under the scheme of delegation such as where payments exceed contractual entitlements. The Council should review the design of its governance policies and procedures to manage conflicts of interest (including self-interest threats). This should include updating the Council’s constitution and scheme of delegation. The Council should ensure all Members fully understand the requirements of the Code of Conduct in relation to declaration of interests. The Council should review its policies and procedures to reflect Government guidance in the use of non-disclosure agreements.

04

Section 04:

Other reporting responsibilities and our fees

4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

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

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data, and to carry out certain tests on the data.

At the time of preparing this report we have not yet received instructions from the NAO on what procedures are required. As such this work is outstanding.

4. Other reporting responsibilities and our fees

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit and Governance Committee in June 2021. Having completed our work for the 2020/21 financial year, we can confirm that our fees are as follows.

Area of work	2019/20 fees	2020/21 fees
Scale fee in respect of our work under the Code of Audit Practice.	£78,237	£78,237
Additional testing on pension valuations and property valuations.	£22,883	£21,837
Additional work relating to electors' rights and severance payments.	£27,856	£0
Additional work relating to technical accounting issues.	£0	£5,583
Additional work on VFM, including consideration of the impact of our wider reporting duties and of COVID-19 on the financial sustainability of the Council.	£4,535	£0
Additional fees in respect of the new VFM approach and identified significant weaknesses in arrangements.	£0	£20,045
Additional fees in respect of the additional requirements of ISA (UK) 540 (Revised) – auditing accounting estimates and related disclosures.	£0	£4,450
Total fees	£133,511	£130,152

4. Other reporting responsibilities and our fees

Fees for other work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out below:

Area of work	2019/20 fees	2020/21 fees
Other services - Housing Benefits Subsidy Assurance	£11,800	£11,800
Certification of Teachers' Pension return	£5,900	£6,000
Total fees	£17,700	£17,800

Fees exclude VAT and our Housing Benefits work is currently underway.

Mark Kirkham

Mazars

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Leeds

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.



AUDIT & GOVERNANCE COMMITTEE**6 April 2022**

Report of the Director of Governance

Progress against the Action Plan prepared in response to the Public Interest Report**Summary**

To provide an update on the progress being made with regards to delivery of the Action Plan prepared in response to the Report in the Public Interest dated 19th April 2021.

Background

The Council is required to address the recommendations set out in the Report in the Public Interest dated 19th April 2021, and accepted by Full Council on 4th May 2021. An Action Plan was also approved by Full Council and Audit & Governance Committee has been asked to oversee the delivery of the Action Plan.

Officers prepared a project plan to add detail to the approach to be taken towards delivering the Action Plan which is now attached at Annex One to this report. All actions detailed within this project plan have been completed by Officers, however work has now commenced on developing training and awareness raising for Officers and Members as it is essential that the various elements of the Action Plan become embedded culture across the council. Examples of this include training in respect of the constitution, the ongoing development of a Member development programme including mandatory induction programme for May 2023, Officer training on the revisions to the Employee Code and the Protocol on Officer and Member Relations.

The LGA Peer Team and the Council's External Auditors have both been informed of the progress made to date.

Implications

Financial – The Council is a member of the LGA and therefore the support from the LGA is at nil cost. As previously reported to this committee, the financial impact of the Public Interest Report is £33.8k. This is shown at Annex Two to this report.

Human Resources (HR) – None directly arising from this report.

Equalities – None directly arising from this report.

Legal – As detailed within this report, the Council has received and accepted the Report in the Public Interest dated 19th April 2021, and therefore is required to undertake necessary steps to address the highlighted recommendations. The various individual steps required in addressing these recommendations may in themselves require legal advice.

Crime and Disorder, Information Technology and Property - None directly arising from this report.

Recommendations

To receive an update on the progress being made with regards to delivery of the Action Plan prepared in response to the Report in the Public Interest dated 19th April 2021.

Reasons for the Recommendation

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

Options

There are no other options for the Committee to consider on this occasion.

Author & Chief Officer responsible for the report: Janie Berry, Director of Governance & Monitoring Officer

Report Approved **Date** 22nd March 2022

Specialist Implications Officer(s):

Debbie Mitchell, Chief Finance Officer and Section 151

Helen Whiting, Head of Human Resources

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

For further information please contact the author of the report

Background Papers:

- Agenda, Reports and Minutes of the extraordinary meeting of Full Council dated 4th May 2021
- Agenda, Reports and Minutes of the Audit & Governance Committee
- Agenda and Reports of the Joint Standards Committee on 24th January 2022
- Agenda and Reports and the revised draft Constitution (published early) for the Audit & Governance Committee on 2nd February 2022
- Agenda and Reports for Full Council on 24th March 2022 including the link to the revised constitution

Annexes:

- Annex One: Project Plan developed in support of the Action Plan
- Annex Two: Cost of the Public Interest Report

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Public Interest Report - Implementation Plan

Ref	Action	Officer Lead	Linked to other actions	Actions to be undertaken	Outcomes	Deadline Date	Completed Y/N	RAG Status
Recommendation One (and Recommendation Five)								
Adopt and apply appropriate standards for business case preparation in relation to exit and pension discretions (R1)								
The Council should review its policies and procedures to reflect Government guidance in the use of non-disclosure agreements. (R5)								
R1 (1)	Review of HR processes currently in place relating to the Council's use of settlement agreements in relation to its employees including:							
R1 (1.1)	Commission specialist employment law advice to assist in the formulation of a fit for purpose framework and guidance for HR staff and other key staff such as legal and finance, including consideration of information security data protection compliance.	DM/TF		Request specialist employment advice. Agreed framework and guidance to be shared with Trade Unions / Internal Audit and produce final version. To be agreed at CCNC, A&G and SMU meetings. Tabled at SMU on 18/10/21.	Agreed framework and guidance in place for employee settlement agreements.	31/08/21	Y	
R1 (1.2)	Ensure revised business case template has appropriate sign off and that the Head of Paid Service, Monitoring Officer and S151 Officer have oversight of all exit packages and settlement agreements	DM/TF		As above	To be included in the framework and guidance as above.	31/08/21	Y	
R1 (1.3)	Consultation with Trade Unions and Internal Audit on proposed framework, guidance and sign off process	TF		Produce framework and guidance for employee settlement agreements.	Agreed framework and guidance in place for employee settlement agreements.	30/09/21	Y	

R1 (1.4)	Approval of the revised framework will be sought from CCNC, SMU and presented to Audit & Governance.	TF		Agreed framework and guidance to be agreed with Trade Unions, SMU and tabled at Audit & Governance Committee - scheduled for 09/09/21. Agreed at SMU on the 18/10/21.	Agreed framework and guidance in place for employee settlement agreements.	30/09/21	Y	
R1 (1.5)	Review of the scheme of delegation for Officers in terms of initial authority to enter into an agreement and approvals for the content of such documents including the overall responsibility of the Head of Paid Service in this process.	JB		Review of scheme of delegation for Officers. Agree with IF and then with CMT Members.	Agreed revised Scheme of Delegation to be included in the CYC Constitution.	31/08/21	Y	
R1 (1.6)	Review of the scheme of delegation for Executive Members in terms of initial authority to enter into an agreement and approvals for the content of such documents including the overall responsibility of the Leader of the Council in this process.	JB		Review of Scheme of Delegation for Executive Members. Agree with IF and then with Executive Members.	Agreed revised Scheme of Delegation to be included in the CYC Constitution	31/08/21	Y	
R1 (1.7)	Review of the scheme of delegation as to the role of Elected Members in this process (taking into account whether the employee is a chief officer or non-chief officer)	JB		Review of Scheme of Delegation for Elected Members. Agree with Group Leaders.	Agreed revised Scheme of Delegation to be included in the CYC Constitution	31/08/21	Y	
R1 (1.8)	Inclusion of a 6 monthly review of all exit packages by internal audit.	TF		Include in process & guidance at ref 1.1. Add to A&G Committee forward plan for 6 monthly review.	6 monthly review to be undertaken by A&G and Internal Audit	31/08/21	Y	
R1 (1.9)	Annual monitoring of the use of a revised framework will be undertaken by the Audit & Governance Committee;	TF		Add to A&G Committee forward plan for yearly review.	Annual review to be undertaken by A&G	31/08/21	Y	

R1 (1.10)	Consider function and composition of Staffing Matters & Urgency Committee as part of review of Constitution (links to recommendation 3).	JB	R3 (1)	Include as part of the CYC Constitution review. Constitution will now be discussed at the A&G Committee on 01/12/21 and then to December's Full Council on 24/03/22.	Include in CYC Constitution.	30/09/21	Y	
Recommendation Two								
Decision notes should be maintained that document the factors that explain the case for the use of public funds under the scheme of delegation such as where payments exceed contractual entitlements.								
R2 (1)	Pay Elements & Discretion							
R2 (1.1)	A review of all pay elements upon which discretions can be applied both whilst in employment and upon exit.	TF		Undertake review of all pay elements and include controls and sign off. Agree with JB/DM once complete for inclusion in CYC's Scheme of Delegation. Include in report for SMU and then in Constitution under Scheme of Delegation.	Include all pay elements in CYC's Scheme of Delegation	30/09/21	Y	
R2 (1.2)	For each pay element to identify the process, the controls and sign off process.	TF		As above	Include all pay elements in CYC's Scheme of Delegation.	30/09/21	Y	
R2 (1.3)	To consult with the trade unions on this process.	TF		Consulted with Trade Union on the process.	Include all pay elements in CYC's Scheme of Delegation.	30/09/21	Y	
R2 (1.4)	The above to be included in one document for sign off via CCNC.	TF	R1 (1.4)	Once review complete table paper at the CCNC meeting.	Include all pay elements in CYC's Scheme of Delegation.	30/09/21	Y	

R2 (1.5)	Instructions and guidance will be issued to all Officers about the importance of record keeping.	TF		Once review complete guidance to be produced and issued to all Officers re process for record keeping.	Include all pay elements in CYC's Scheme of Delegation.	30/09/21	Y	
R2 (2)	The introduction of a revised framework detailed under Recommendation One and Five will be accompanied by Officer training and development; a key part of that will be re-iterating the importance of maintaining clear records	TF	R1 (1.1)	Include in revised framework. Put in place relevant Officer and Training Programme. Sent out relevant communications to staff. Include in staff induction programme. Provide mandatory training through Leading Together sessions on 7th October 2021 and they then cascade to their teams. TF to raise at CLG and then arrange for HR staff to be trained. Date will now be later than expected.	Office and Training Programme in place.	30/09/21	Y	
R2 (3)	The accompanying scheme of delegation will build in key points in time whereby reviews and decisions need to be captured by Officers.	JB/TF	R1 (1.5) R1 (1.6)	Include in CYC's Scheme of Delegation.	Include all pay elements in CYC's Scheme of Delegation	30/09/21	Y	
R2 (4)	Financial decisions affecting Chief Officers will require the approval of Staffing Matters and Urgency Committee and relevant provisions will be included within the review of the Council's Constitution.	JB/TF		Process to be put in place to ensure Financial Decisions for Chief Officers are approved by the SMU.	Include in CYC Constitution.	30/09/21	Y	

Recommendation Three

Review the design of governance policies and procedures to manage conflicts of interest (including self-interest threats). This should include updating the Council's constitution and scheme of delegation

R3 (1)	A fundamental review of all aspects of the Council's Constitution has already commenced and a draft has been prepared by the Monitoring Officer. It is proposed that all Elected members will have the opportunity to share their views on the draft which will be shared with the Audit & Governance Committee as part of their formal role as custodians of the constitution. The Audit & Governance Committee will be invited to make recommendations to Full Council in terms of any amendments to the Constitution.			All relevant work has been completed by Officers and is now with A&G Committee to make a recommendation to full council.				
R3 (1.1)	The Monitoring Officer will undertake a six monthly review of all aspects of the constitution.	JB		Put in place process for 6 monthly review	Process in place for a 6 monthly review.	30/09/21	Y	
R3 (1.2)	The Audit & Governance Committee will undertake an annual review of the Constitution to ensure it remains fit for purpose and report its findings to Full Council	JB		Add to A&G Committee forward plan for yearly review.	Process in place for yearly review.	30/09/21	Y	
R3 (1.3)	Guidance will be provided with all meeting agendas to assist Elected Members in the identification or not of a conflict of interest (this will be delivered as part of the work for Recommendation Four).	JB	R4 (1.5)	Guidance and Version Control to be produced for all public meeting agendas. Constitution included on agenda for A&G meeting on 08/09/21 for approval. Then to Full Council in April 2022.	Include Version Control in CYC's Constitution.	30/09/21	Y	

R3 (1.4)	Mandatory training will be implemented for all Officers and Elected Members to inform as to the purpose and function of the Constitution and highlight its importance in terms of assisting with the identification of conflicts of interest and structure of schemes of delegation for both Officers and Elected Members.	JB / TF		Package of mandatory training to be produced and agreed with Elected Members. Training dates all in place for Elected Members, CMT Members and relevant officers	Training in place and included as part of CYC's Constitution.	30/09/21	Y	
R3 (1.5)	The Council's Corporate Management Team will undertake six monthly reviews of the Officer Schemes of Delegation in place which arise from the Council's Constitution.	JB		Add to CMT forward plan	Officer Scheme of Delegation to be reviewed on 6 monthly basis at the CMT meeting.	30/09/21	Y	
R3 (1.6)	Review and formalise the existing governance assurance processes between Internal Audit, the Head of Paid Service, Monitoring Officer and Section 151 Officer.	JB / DM		Update Audit Plan to include Governance as an underlying theme of every audit.	Process in place to ensure Governance assurance processes between Internal Audit and relevant Officers.	30/09/21	Y	
R3 (1.7)	Present a quarterly report to the Corporate Management Team to monitor the Council's Governance Framework.	JB / DM		Add to CMT forward plan	Quarterly report to CMT meeting.	30/09/21	Y	
R3 (1.8)	Review the terms of reference and composition of Staffing Matters & Urgency Committee (as part of the review of the constitution) as outlined in Recommendation 1 above.	JB	R1 (1.10)	Review ToRs for the SMU.	Agreed final ToRs to be included in the CYC Constitution.	30/09/21	Y	
Recommendation Four								
The Council should ensure all Members fully understand the requirement of the Code of Conduct in relation to declaration of interests.								
R4 (1)	The Council will work towards the adoption of the Model Code of Conduct issued by the LGA which will replace the current Code of Conduct and procedure for the handling of complaints:							

R4 (1.1)	The Joint Standards Committee will oversee the implementation of the Model Code of Conduct and make recommendations via the Audit & Governance Committee to Full Council.	JB		Work started, workshop held on 23/06/21 with Hoey Ainscough with Chair and Vice Chair of A&G with further meeting on 06/07/21. Proposal taken to Full Council in May. Agreed will now be taken to Full Council in October for agreement and then will be included in the Constitution. Training starts on 09/09/21. Mop up training currently taking place.	Implementation of the Model Code of Conduct.	31/08/21	Y	
R4 (1.2)	The Council will commission specialist support to assist with the development, implementation and mandatory training of all Elected Members (and key officer groups) in respect of the Model Code of Conduct, awareness raising of conflicts of interest and the declaration of interests.	JB/TF		Process to be put in place to develop training with Hoey Ainscough. Training to be undertaken with the Leading Together group. Look at options for MYLO to hold training records.	Implementation of the Model Code of Conduct.	31/07/21	Y	

R4 (1.3)	Mandatory training will be required to undertaken by all Elected Members on an annual basis.	JB/TF		Look at options for MYLO to hold training records. Include in CYC Constitution. Produce outline of Election Members Induction by 30/09/21 but will be work in progress until next Elections. Agree with A&G Committee. Produce Elected Members' handbook. Training sessions with Political Groups being arranged for September 2021 and October 2021. Then Officer training will be scheduled. Induction programme being developed for September 2021.	Implementation of the Model Code of Conduct.	30/09/21	Y	
R4 (1.4)	The Corporate Leadership Group (all Chief Officers and their direct reports) will receive mandatory training in respect of the Members Code of Conduct.	JB/TF		Working with Hoey Ainscough to create training programme. Look at options to use MYLO for delivery and recording of training. Training sessions with Political Groups being arranged for September 2021 and October 2021. Then Officer training will be scheduled. Induction programme being developed for September 2021.	Implementation of the Model Code of Conduct / mandatory training.	30/09/21	Y	

R4 (1.4)	Comms with relevant staff to explain importance of training and that it is mandatory and must be completed on an annual basis	JB/TF		Produce staff communications.	communications to be issued to all staff to confirm training is mandatory and must be completed on an annual basis.	30/09/21	Y	
R4 (1.5)	Guidance will be provided with all meeting agendas to assist Elected Members in the identification or not of a conflict of interest.	JB	R3 (1.3)	Working with Hoey Ainscough to produce guidance.	Guidance agreed and in place.	30/09/21	Y	
R4 (1.6)	The Monitoring Officer, (in consultation with Head of Paid Service, s151, Chairs and Vice Chairs of Joint Standards Committee and Audit & Governance Committee and Leaders of the Political Groups) will undertake an annual review of the Code of Conduct to ensure it is fit for purpose and the adopted Code of Conduct will be reviewed every year at Annual Council to coincide with appointments to committees and outside bodies and at any other times deemed necessary by the Monitoring Officer.	JB		Produce Model Code of Conduct.	Model Code of Conduct in place and process to review on an annual basis at Full Council.	30/09/21	Y	
R4 (1.7)	The Council's induction programme following City Council elections (due to take place in May 2023) will be reviewed in line with progress and outcomes of this recommendation.	JB/TF		Reviewing good practice for Elected Members' development.	Revised CYC's Induction Programme in place.	30/09/21	Y	

NEW	Commission LGA, determine scope and role, timeliness of feedback - pick out key milestones	JB/TF/DM		<p>Discussion held with Mark Edgell, LGA and agreed will follow the peer review process. Put relevant timetable / meetings in place. Meeting with Chair and Vice Chair of A&G being arranged. Produce final documentation. Respond to Mark Edgell to confirm we only need advice on the action plan. Meeting held with Chair of A&G and LGA on 10/08/21 and LGA will now work up a programme of work. LGA have made the requests to their Peer Officer team. JB to confirm preferences to LGA on the two preferred Peer Officers. LGA mentoring session to be held at the end of October. Work ongoing. Report to A&G Committee in December 2021 and then in December 2022 to</p>	LGA to undertake peer review.	30/09/21	Y	
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<u>Financial impact of PIR - as at 30th July 2021</u>	Cost £
Additional audit fees	23,467
External support from Ward Hadaway in responding to PIR	140
specialist employment law advice to assist in the formulation of a fit for purpose framework for business case preparation and use of NDA agreements	2,300
specialist support to assist with the development, implementation and mandatory training of all Elected Members (and key officer groups) in respect of the Model Code of Conduct, awareness raising of conflicts of interest and the declaration of interests	7,900
TOTAL	33,807

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Agenda Item

Audit and Governance Committee

6 April 2022

Report of the Head of Internal Audit

Audit & Counter Fraud Progress Report

Summary

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

Background

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

Internal Audit

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

Counter Fraud

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

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

Consultation

- 7 Not relevant for the purpose of the report.

Options

- 8 Not relevant for the purpose of the report.

Analysis

- 9 Not relevant for the purpose of the report.

Council Plan

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

Implications

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

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

Risk Management Assessment

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

Recommendation

13 Members are asked to:

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

Reason

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

Contact Details

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Janie Berry
Director of Governance
Telephone: 01904 555385

**Report
Approved**



Date 25/03/2022

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

- 2021/22 Internal Audit and Counter Fraud Plan

Annexes

Annex 1 – Internal Audit progress report

Annex 2 – Counter Fraud progress report

INTERNAL AUDIT PROGRESS REPORT 2021/22

Date: 6 April 2022

Annex 1



BACKGROUND

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

INTERNAL AUDIT PROGRESS

- 7 As noted in previous reports to this committee, the Covid-19 pandemic meant there was 2020/21 work outstanding at the start of the year and much of the time in the first part of the year was spent finalising that work.
- 8 Work is ongoing on a number of 2021/22 audits. The Health and Safety audit has been reported in draft. It was expected this audit would be finalised in time for this update to the committee but, following meetings with officers, further information is being provided that impacts on the findings of the audit.
- 9 A number of other audits are in the final stages of fieldwork and we expect to be able to report the findings as part of our next update. These include: highways CDM (construction, design and management) regulations, ICT asset management, safety advisory group (SAG) governance, payroll.
- 10 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in appendix A.

- 11 The work programme setting out current priorities for internal audit work is included at appendix B. All of the work classed as do now will be completed as part of the 2021/22 work programme. We have also reviewed the priority of all areas classed as do next and do later. A number of these will be completed as part of the current year's work programme. Others that remain a priority are included in the draft work programme for 2022/23.
- 12 Three audits have been completed since the last report to this committee in January 2022. Appendix C summarises the key findings from these audits as well as details of actions agreed. Finalised reports listed in appendix C are published online, along with the papers for this committee.
- 13 Appendix D lists our current definitions for action priorities and overall assurance levels.



FOLLOW UP

- 14 All actions agreed with services as a result of internal audit work are followed up to ensure that underlying control weaknesses are addressed. As a result of this work we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits. There is still a reasonably high proportion of actions with revised dates. As noted previously, this is due to resource pressures resulting from the pandemic. However, we are seeing the impact of this reducing as more actions continue to be implemented. This trend is expected to continue. A summary of the current status of follow up activity is included at appendix E.

APPENDIX A: 2021/22 INTERNAL AUDIT WORK

Audits in progress

Audit	Status
Health and Safety	Draft report issued
Highways CDM (Construction, Design and Management) Regulations	In progress
ICT Asset Management	In progress
Payroll	In progress
Records Management	In progress
Safety Advisory Group (SAG) Governance	In progress
Information Security	Ongoing – further work planned
Poppleton Road primary school	In progress
Fishergate primary school	In progress
Direct Payments	In progress
Building Services and Housing Repairs	In progress
Contract Management – Stadium / Leisure	In progress
Council Tax & NNDR	Planning
Council Tax Support and Benefits	Planning
Special Educational Needs and Disability	Planning
ICT remote access	Planning

Final reports issued

Audit	Reported to Committee	Opinion
Ordering and Creditors	April 2022	Reasonable Assurance
Main Accounting System	April 2022	Substantial Assurance
Headlands Primary School	April 2022	Substantial Assurance
Commercial Waste	January 2022	Limited Assurance
Business Continuity	January 2022	Reasonable Assurance
Continuing Healthcare	January 2022	Reasonable Assurance
Community Hubs	October 2021	Reasonable Assurance
Project Management	October 2021	Reasonable Assurance
Environmental Health	October 2021	Substantial Assurance
Absence Management	October 2021	No opinion given
Council Tax & NNDR	October 2021	Reasonable Assurance

Audit	Reported to Committee	Opinion
Council Tax Support and Housing Benefits	October 2021	Substantial Assurance
Sundry Debtors	October 2021	Substantial Assurance
Schools Themed – Cyber security and IT Management	October 2021	Reasonable Assurance
Danesgate follow up audit	October 2021	No opinion given
SEN Ofsted Inspection & written statement of action (WSoA)	June 2021	Substantial Assurance
Contract Management – Make it York	June 2021	Limited Assurance
Home working	June 2021	Reasonable Assurance
ICT Server Administration and Security	June 2021	Substantial Assurance
ICT Licence Management	June 2021	Substantial Assurance
Public Health – Healthy Child Service	June 2021	Reasonable Assurance
Cash handling	June 2021	High Assurance

Other work in 2021/22

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

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

APPENDIX B: CURRENT PRIORITIES FOR INTERNAL AUDIT WORK

Audit	Status		
	Do now	Do next	Do later
Strategic risks / corporate & cross-cutting			
Health and Safety	✓		
Information Security	✓		
Records Management	✓		
Safety Advisory Group (SAG) Governance	✓		
Complaints processes		✓	
Risk Management			✓
Procurement and contract management		✓	
s106 agreements			✓
Partnership working			✓
Performance Management and data quality			✓
HR and workforce planning		✓	
Environment and waste		✓	
Fundamental / material systems			
Payroll	✓		
Council Tax and NNDR	✓		
Council Tax Support and Benefits	✓		
Debtors and income collection			✓
Operational / regularity			
Highways CDM Regulations	✓		
Direct Payments	✓		
Contract Management – Stadium	✓		
Poppleton Road Primary School	✓		
Fishergate Primary School	✓		
Building Services and Housing Repairs	✓		
Adult social care – High cost placements		✓	
Be Independent		✓	
Special Educational Needs and Disability	✓		
Public Health			✓
Technical / projects			
ICT Asset Management	✓		
ICT remote access	✓		

Further explanation on the work status

The programme of work is subject to ongoing review and is adjusted in response to changes in the Council's activities, risks, operations, systems and controls.

During the year, planned work is prioritised on the basis of:

- Do first – work of the highest value, priority, or urgency
- Do next – work to be started after current audit work is completed
- Do later – work to be scheduled for consideration later in the year

Changes in the priority and timings of work are agreed with council officers.

Individual audit assignments can also move between the categories as required.

APPENDIX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/ area	Opinion	Area reviewed	Date issued	Comments / Issues identified	Management actions agreed
Ordering and Creditor Payments	Reasonable Assurance	The audit reviewed processes for ordering and making payments for goods and services	14 January 2022	<p><u>Strengths</u></p> <p>Processes had been adapted where required in response to the demands arising from the pandemic and controls largely continued to work effectively. User accounts were well administered, purchase orders were being raised and authorised with appropriate delegated authority.</p> <p><u>Weaknesses</u></p> <p>Purchase orders were being raised after the order was placed with the supplier. Audit trail information in the system on purchase order approvers was not always accurate. Sufficient evidence was not always available of which officer</p>	<p>Further enquiries will be made into areas of the council where proper practices are not being followed for raising purchase orders; targeted communications will be issued.</p> <p>A call will be raised with the system supplier regarding the audit trails.</p> <p>Evidence will always be retained for requests made to business support to raise purchase orders.</p> <p>Data cleansing will take place on staff records on the creditor system and duplicate supplier records.</p> <p>Further analysis of payments to staff via creditors will be undertaken to ensure that</p>

System/ area	Opinion	Area reviewed	Date issued	Comments / Issues identified	Management actions agreed
				<p>in service areas authorised purchases.</p> <p>Duplicate creditor accounts were held on the system.</p> <p>Staff creditors accounts set up for valid reasons but no longer used had not been suspended.</p>	<p>suitable authorisation was received prior to payment.</p>
Main Accounting System	Substantial Assurance	The audit reviewed key controls for accurate accounting on the general ledger, including control accounts, bank reconciliations, feeder systems, user access, journals, virements and coding.	15 February 2022	<p><u>Strengths</u></p> <p>Bank reconciliations are undertaken and feeder files are accurately and promptly interfaced to the general ledger. User access is generally well controlled. Journals and virements were accurately and promptly processed on the finance system. Access to set up new codes was suitably restricted. Miscellaneous codes are regularly reviewed.</p> <p><u>Weaknesses</u></p> <p>Responsibility for monitoring control accounts was not always assigned to an officer. A reasonably large number of users had 'full access' to the system. Guidance notes for</p>	<p>Principal accountants will receive a monthly report on control account balances, which will highlight any concerns.</p> <p>All privileged (full access) user accounts have been reviewed and it's been confirmed their access is required and appropriate.</p> <p>Guidance notes on the intranet will be reviewed and updated.</p> <p>Reminders will be issued to members of the finance team on the evidence requirements for virements.</p>

System/ area	Opinion	Area reviewed	Date issued	Comments / Issues identified	Management actions agreed
				budget managers are out of date. Written evidence is not always being kept to show who has authorised virements.	
Headlands Primary School	Substantial Assurance	The audit reviewed financial, operational and governance procedures at the school.	21 March 2022	<p><u>Strengths</u> Overall, systems and controls were working effectively. Governance and financial management systems were well controlled.</p> <p><u>Weaknesses</u> Declarations of interest were not available for some governors. The school's contract schedule does not contain end dates or notice periods for contracts. Return to work interviews are not always being held on a timely basis. Payroll reports are not subject to independent checks.</p>	<p>The outstanding declarations of interest will be obtained.</p> <p>The contract schedule has been updated with the required data and made more accessible.</p> <p>The Head and Deputy will both conduct return to work interviews. The return to work procedure has been implemented and notified to all staff.</p> <p>A second officer will carry out independent checks of payroll reports.</p>

APPENDIX D: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

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

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

APPENDIX E: FOLLOW UP OF AGREED AUDIT ACTIONS

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

A total of 49 actions have been followed up since April 2021. A summary of the priority of these actions and the directorate they relate to is included below.

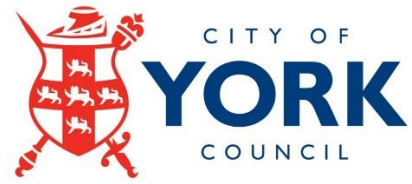
Actions followed up		Actions followed up by directorate		
Priority of actions	Number of actions followed up	Other (Customers, Governance, Finance, HR, Public Health)	Place Directorate	People Directorate
1	0	0	0	0
2	25	16	1	8
3	24	7	0	17
Total	49	23	1	25

Of the 49 agreed actions 31 (63%) had been satisfactorily implemented and 1 (2%) had been identified as superseded, for example, where systems or processes have changed so that they are no longer exposed to risks. In 17 cases (35%) the action had not been implemented by the target date and a revised date was agreed. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable. This remains a reasonably high proportion, which reflects the impact of the Covid-19 pandemic and continuing pressure on resources. However, this situation is improving and there is a higher proportion of actions now being implemented.

COUNTER FRAUD PROGRESS REPORT 2021/22

Date: 6 April 2022

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to local government. Losses to councils are estimated to exceed £7.8 billion annually in the United Kingdom.¹
- 2 Veritau delivers a corporate fraud service to the council which aims to prevent, detect and deter fraud and related criminality. The counter fraud team investigate allegations of fraud, plan and take part in counter fraud campaigns (e.g. the National Fraud Initiative), undertake fraud awareness activities with staff and the public, and maintain and update the council's counter fraud framework and associated policies.
- 3 The purpose of this report is to update the Committee on counter fraud activity up to 28 February 2022.



FRAUD MANAGEMENT

- 4 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the council. The council's counter fraud framework was reviewed and updated in January 2022.
- 5 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public. Fraud awareness training has been delivered to members of staff working within adult social care and Housing Management Officers this year.
- 6 An awareness campaign informing staff of the risk of bribery and money laundering was delivered on 9 December to mark International Anti-Corruption Day. It followed previous awareness raising campaigns marking Cyber Security Awareness Month in October and International Fraud Awareness Week in November. The counter fraud team plans to raise awareness of the council's whistleblowing policy and procedure later in 2022.
- 7 An anti-fraud message was included with annual council tax bills issued to all domestic properties in March 2022. This raised awareness of fraud against the council and provided information on how best to report concerns to the counter fraud team.
- 8 Veritau have noted an increase in both regional and national attempts by organised criminals operating from overseas to divert genuine payments made to council suppliers (i.e. mandate or payment diversion fraud). There have been two attempted frauds of this type against the council in 2021/22 with a potential loss of £830k, but neither were successful. The counter fraud team worked alongside council officers, North Yorkshire police, and relevant banks to prevent losses to the council. The team is working with the council to ensure that robust controls are in place to meet this threat and that relevant staff receive additional training.

¹ Annual Fraud Indicator 2017, Crowe Clark Whitehill

- 9 Veritau continue to support the council with Covid-19 related payments, most recently in assisting with checks relating to the Omicron Hospitality and Leisure grant scheme, from January 2022. The team works with officers to ensure that the council meets government mandated verification, investigation, and recovery requirements for all Covid-19 related grant payments.
- 10 Veritau's counter fraud team represents the council at regional and national counter fraud groups. Veritau participates in regular meetings of the Yorkshire and Humber Counter Fraud Group and the regional Tenancy Fraud Forum alongside other councils in the area. Veritau participates in and chairs a national Fighting Fraud and Corruption Locally working group examining issues surrounding adult social care fraud.



MULTI-AGENCY WORK

- 11 Work on the 2020/21 National Fraud Initiative (NFI) is almost complete. The counter fraud team and council officers have processed over 7,000 matches flagged during the exercise, including matches relating to Covid-19 grant payments. To date the exercise has identified over £66k of fraud and error.
- 12 The council are required to respond to requests for information from the Department for Work and Pensions (DWP) who investigate Housing Benefit fraud. In cases where council tax support is in payment, the counter fraud team can jointly investigate with DWP counterparts. The team have responded to 77 requests for information to date.



DATA MATCHING

- 13 The counter fraud team undertakes regular data matching exercises to detect fraud and error. An exercise looking at potential council tax fraud was carried out earlier this the year. This identified seventeen cases for further investigation. Of these, four have led to warnings being given and bills being issued for customers wrongly claiming single person discounts. Three investigations are ongoing.
- 14 A new data matching exercise is currently being developed to highlight potential fraud and error within the housing Right to Buy scheme.



INVESTIGATIVE WORK

- 15 In 2021/22, the counter fraud team has received 346 reports of suspected fraud. These cover areas including adult social care, social housing, council tax, council tax support, internal fraud, parking, business rates, the council's financial assistance scheme, and Covid-19 support payments.
- 16 Up to 28 February 2022, the team has helped the council to achieve £149k in savings and £30k in Covid-19 related savings. The team has completed 116 investigations and there are currently 70 ongoing active cases. To date, three people have been formally cautioned and warnings have been issued to a further thirty. One council property has been recovered. Three false applications (two related to housing applications; one to a school

placement) were stopped. In addition the team has helped the council verify 83 applications relating to Right to Buy, Covid-19 grants, and school placements.

- 17 A summary of investigative work can be found in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2021/22

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

	2021/22 (As at 28/02/22)	2021/22 (Target: Full Yr)	2020/21 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - e.g. repayment of loss) identified through fraud investigation	£149,036	£200,000	£348,155
Amount of savings identified relating to Covid-19 business grant related fraud	£30,000	n/a	£173,000
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	49%	30%	46%

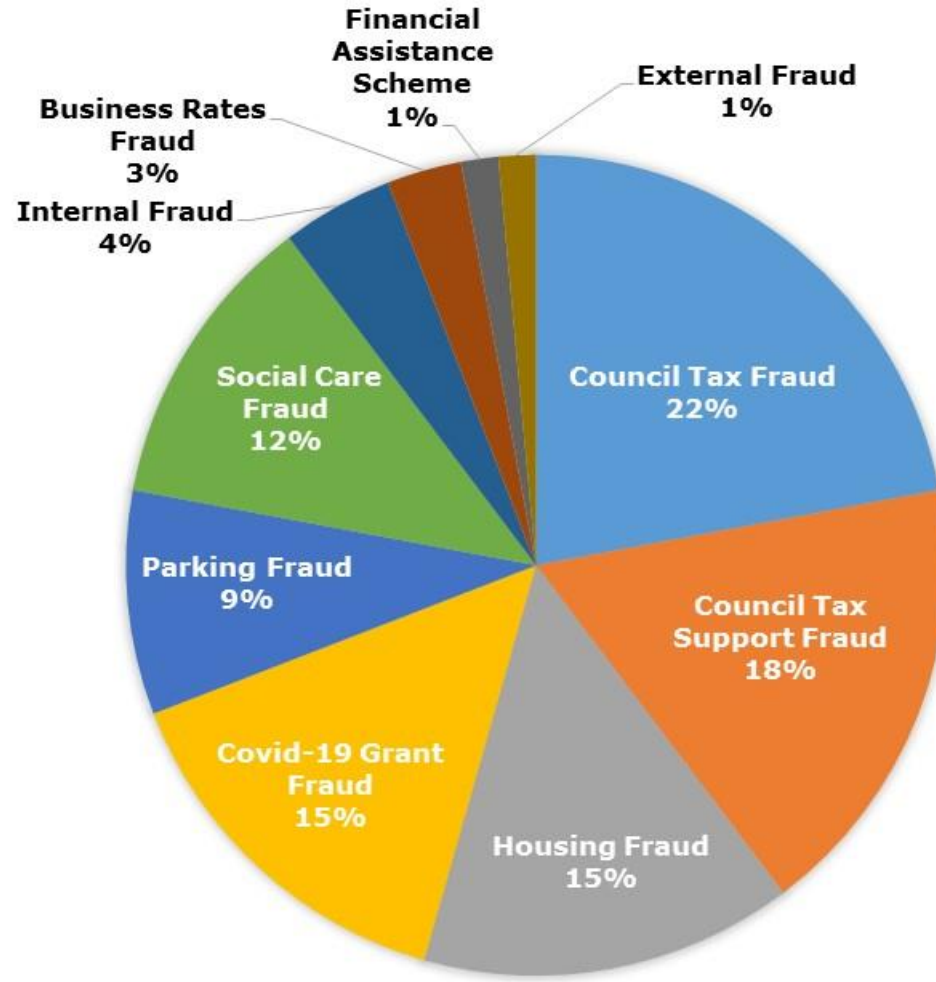
Caseload figures for the period are:

	2021/22 (As at 28/02/22)	2020/21 (Full Year)
Referrals received	346	338
Number of cases under investigation	70	103 ²
Number of investigations completed	116	191
Number of verification cases completed ³	83	35

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

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

The chart below shows the proportion of different case types under investigation as at 28 February 2022.



Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Covid-19 related fraud – The counter fraud team have received eleven referrals for potential Covid-19 related fraud this year. Twelve investigations have been completed to date in 2021/22 and there are currently ten investigations ongoing. The team have verified a further eighteen applications as part of a government mandated post-assurance exercise. Counter fraud work relating to Covid-19 has resulted in one application being blocked and two grants being repaid to the council, resulting in £30k of savings. • Adult Social Care fraud – The team has completed six investigations in this area and eight are ongoing. There have been nine new referrals in this area in 2021/22. • Internal investigations – Two investigations have commenced in 2021/22 and three have been completed. • External (or third party) fraud – Seven referrals relating to external frauds against the council have been reported in 2021/22. These constitute cybercrime and attempted thefts against the council. Seven investigations have been completed and one is ongoing. Two potentially serious mandate frauds were prevented in 2021/22. • Housing fraud – Twenty referrals for housing related fraud have been received to date. Thirteen investigations have concluded and ten investigations are ongoing. The team has helped to verify sixty-three Right to Buy applications this year. One council tenancy was ended as a result of a county court hearing and the council property was subsequently handed back to the council. Two warnings were issued to people for giving false information in connection with applications for housing. Both applications were from individuals who purported to have connections to York, but this was found to not be the case. • Council Tax fraud – Thirty-five referrals for suspected council tax fraud have been received to date and an internal data matching exercise produced seventeen further cases for investigation. Twenty-eight investigations have been completed in this area and fifteen are ongoing. Seven people have

Activity	Work completed or in progress
	<p>been issued with formal warnings relating to false or incorrectly claimed single person discounts, and error was detected in a further five cases.</p> <ul style="list-style-type: none"> • Business rates fraud – The team has received eleven referrals in this area during the year. Ten investigations have been completed resulting in warnings being issued to three businesses falsely claiming small business rate relief. Forged documentation was provided to the council in support of two of the applications. Invoices were raised in a further three cases. There are two ongoing investigations in this area. • Council Tax Support fraud – The team has completed fifteen investigations into council tax support fraud. One person has received a formal warning about their conduct. Four cases were referred to the Department for Work and Pensions. Eighty-seven referrals for potential fraud in this area have been received and there are currently twelve investigations ongoing. • Parking fraud – Thirty-two reports of parking fraud have been received during the current financial year. Twenty-four cases have been completed which resulted in three people being formally cautioned and fourteen people receiving a written warning. There are six investigations currently ongoing. • Education Verification – The team has reviewed two applications for school placements to date. One application was found to have contained false or misleading information and an offer of a school placement was withdrawn.



Audit and Governance Committee**6 April 2022**

Report of the Head of Internal Audit

Internal audit & counter fraud plans 2022/23

Summary

- 1 This report seeks the committee's approval for the planned programme of internal audit work to be undertaken in 2022/23. It also includes the proposed plan for counter fraud work, for information.

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 work programme is drawn up at the start of each year, setting out proposed priorities for audit work over the coming twelve months. The work programme will be revisited and updated throughout the year, to ensure it remains aligned with current risks and priorities.
- 3 The work programme is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit. This report seeks approval for the outline programme of internal audit work for 2022/23.
- 4 In addition to internal audit, Veritau also provides the council with specialist counter fraud services. While formal approval of the counter fraud plan is not required, the proposed areas of work are set out in this report for the committee's information.

2022/23 Internal Audit Plan

- 5 The internal audit programme in annex 1 outlines priorities for work in 2022/23. It includes proposed areas of audit coverage and is based on a risk assessment undertaken by Veritau. The work programme is also informed by discussions with senior officers and members, risk management arrangements, and by plans for development and change within the council. The internal audit work programme is a flexible working document and variations will be made throughout the year to reflect changes in risks and priorities, and to address any issues that arise.
- 6 Total planned internal audit days for 2022/23 are 1,023. This is a reduction of 72 days from 2021/22, and is due to the council's budget savings. The reduction is not expected to impact on the ability of internal audit to deliver its annual opinion.

2020/23 Counter Fraud Plan

- 7 Proposed areas of counter fraud work for 2022/23 are set out in annex 2. 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) account 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 (last reported to the committee in January 2022).
- 8 Total planned days for 2022/23 are 983 – the same as for 2021/22.

Consultation

- 9 In preparing the audit and counter fraud plans consultation takes place with the Audit and Governance Committee and key officers across the council.

Options

- 10 Not relevant for the purpose of the report.

Analysis

- 11 Not relevant for the purpose of the report.

Council Plan

- 12 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

- 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 Assessment

- 14 The council's internal audit service will not meet the requirements of the Public Sector Internal Audit Standards if the internal audit plan is not approved by the committee.

Recommendation

- 15 Members are asked to

- approve the 2022/23 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

Author:

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

Chief Officer Responsible for the report:

Janie Berry
Director of Governance
Telephone: 01904 555385

**Report
Approved**



Date 25/03/2022

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers

Annexes

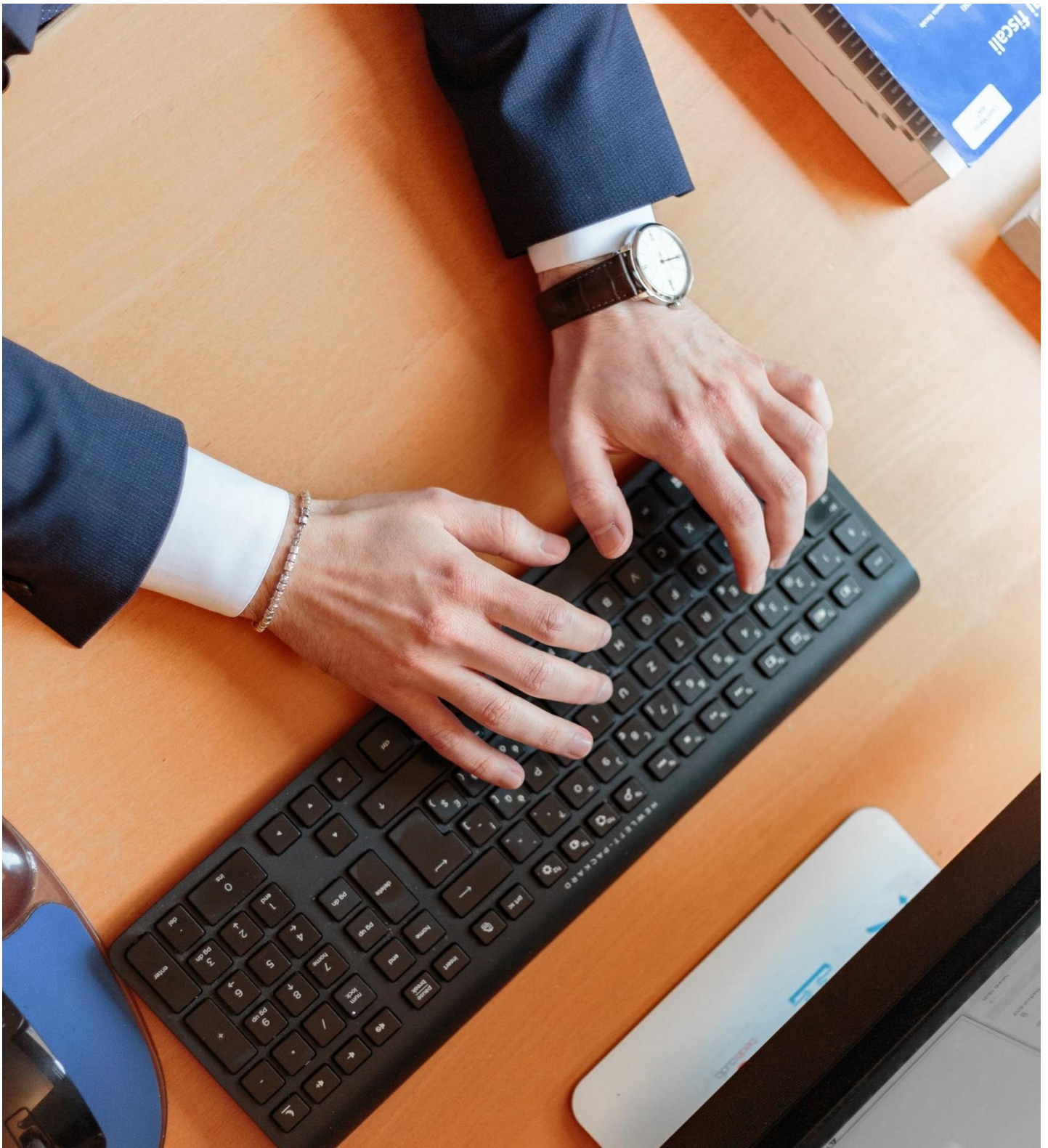
Annex 1 – 2022/23 Internal Audit Work Programme

Annex 2 – 2022/23 Counter Fraud Plan

INTERNAL AUDIT WORK PROGRAMME 2022/23

Date: 6 April 2022

Annex 1



CONTENTS



Introduction

3



Approach

3



2022/23 Internal
Audit work

4



Appendix A: Draft
work programme

6



Ed Martin
Audit Manager



Max Thomas
Head of Internal Audit

INTRODUCTION

- 1 This document sets out the proposed 2022/23 programme of work for internal audit, provided by Veritau for City of York Council.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards and the council's audit charter. In accordance with those standards, internal audit work must be risk based and take into account the requirement to produce an evidence based annual internal audit opinion. Planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.
- 3 The Head of Internal Audit's annual opinion is based on an objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the council.
- 4 Responsibility for effective risk management, governance and internal control arrangements remains with the council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control nor can audit work cover all areas of risk across the organisation.

APPROACH

- 5 To meet professional aims and objectives, good practice for internal audit requires us to adopt flexible planning processes. This flexibility remains particularly important in 2022/23 as there is a significant amount of uncertainty for the council arising from the environment in which it operates and as it recovers from the Covid-19 pandemic. It also helps us to ensure that audit work undertaken during the year is adapted on an ongoing basis to reflect changing risks within the council.
- 6 The work programme for 2022/23 represents a summary of the overall areas we currently think will be the highest priority for work during the next year, based on our current assessment of risk. This assessment involves giving careful consideration to:
 - systems 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
 - areas of significant change which 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 reductions in resources may result in fewer controls.

- 7 The identification of risks has been informed in a number of ways; including review of the organisational risk management processes, understanding the council's strategies and objectives, other known risk areas (for example areas of concern highlighted by management), the results of recent audit work and other changes in council services and systems.
- 8 Internal audit work covers a range of risk areas to ensure that overall, the work undertaken will enable us to meet the requirement to provide an overall opinion on the council's framework of risk management, governance and internal control.
- 9 We have defined 11 areas where we require assurance during the course of the year to help provide that opinion:
 - strategic planning
 - organisational governance
 - financial governance
 - risk management
 - information governance
 - performance management and data quality
 - procurement and contract management
 - people management
 - asset management
 - programme and project management
 - ICT governance
- 10 The requirement for providing assurance across these areas is taken into account when identifying and prioritising work.
- 11 The proposed areas of coverage have been subject to consultation with the audit and governance committee and is subject to ongoing consultation and discussion with directors and senior officers.
- 12 The overall programme and the relative priorities for work within it will be updated throughout the year. Actual work to be started will be based on the most immediate priorities at any point. We will regularly consult with officers on the priority, scope and timing of work to help ensure that we provide assurance in the right areas at the right time. We will also provide regular updates on the scope and findings of work to the Audit and Governance Committee throughout 2022/23.



2022/23 INTERNAL AUDIT WORK

- 13 The plan is based on a total commitment of 1023 days. Further detail on the potential areas of coverage is included in appendix A.
- 14 The programme is designed to ensure that limited audit resources are prioritised towards those areas which are considered to carry the most risk or which contribute the most to the achievement of the council's strategic priorities and objectives.
- 15 Functionally, the indicative programme will be structured into a number of sections, as set out below. In assessing what work is included in each

section, consideration is given to the priorities listed at paragraph 6 and the areas set out in paragraph 9.

- **Strategic / corporate & cross cutting** – to provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the council.
- **Technical / projects** – to provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the council as the risks involved could detrimentally affect the delivery of services.
- **Financial systems** – to provide assurance on the key areas of financial risk. This helps provide assurance to the council that risks of loss or error are minimised.
- **Service areas** – to provide assurance on key systems and processes within individual service areas. These areas face risks which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the council if they were to materialise.
- **Other assurance areas** – an allocation of time to allow for continuous audit planning and information gathering, unexpected work, and the follow up of work we have already carried out, ensuring that agreed actions have been implemented by management.
- **Client support, advice & liaison** – work we carry out to support the council in its functions. This includes the time spent providing support and advice, and liaising with staff.

16 It is important to emphasise two important aspects of the programme. Firstly, the audit areas included in this draft programme and indicative days assigned to each of the areas in appendix A are not fixed. Work will be kept under review to ensure that audit resources continue to be deployed in the areas of greatest risk and importance to the council. This is to ensure the audit process continues to add value.

17 Secondly, it will not be possible to deliver all of the audits listed in the programme. The programme has been over planned, to build in flexibility from the outset while providing an indication of the priorities for work at the time of assessment. This will enable us to respond quickly by commencing work in other areas of importance to the council when risks and priorities change during the year.

APPENDIX A: Draft Internal Audit Work Programme 2022/23

Area	Indicative Days	Potential activity
Strategic risks / Corporate & cross cutting	260	Budgetary control / savings plans HR – absence management, staff wellbeing, recruitment and retention, hybrid working arrangements Information governance and data protection – information security checks, information security breaches / incident management Risk management Partnership working Insurance arrangements Performance management and data quality Teckal company governance Governance and decision making Procurement and contract management Environment and climate change – strategy, energy reduction Health and safety Business continuity / incident response
Technical / projects	100	ICT procurement and contract management ICT applications / database security ICT systems development and benefits realisation

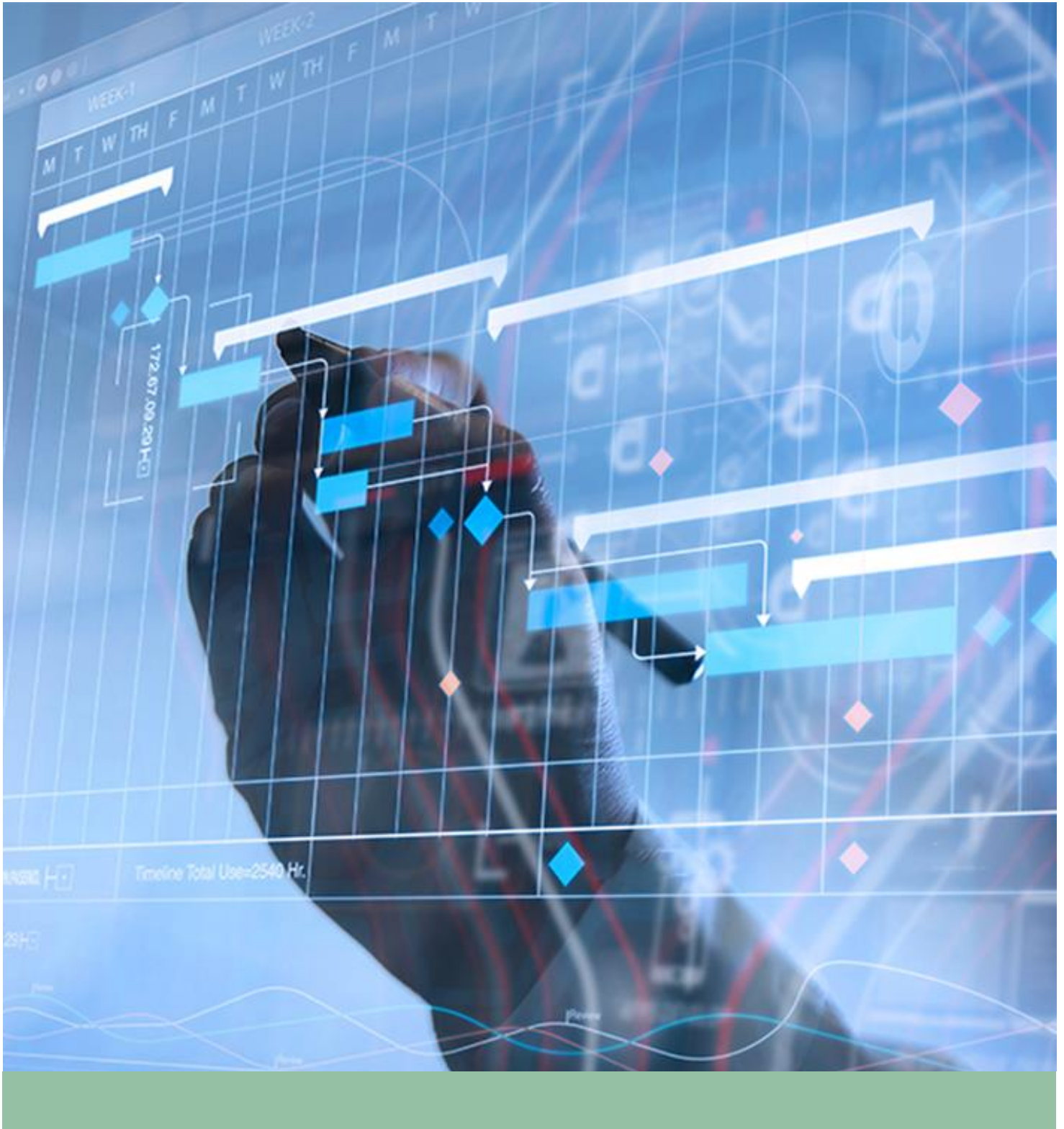
Area	Indicative Days	Potential activity
		York Central / Castle Gateway Overall project management arrangements and/or specific support and review of key projects
Financial systems	120	Main accounting system Cash income Ordering and Creditors Debtors Payroll Council tax and NNDR Benefits Housing rents
Service areas	360	Commercial waste (follow up audit) Housing repairs and maintenance – recovery plans, health and safety, and procurement and contract management Public health commissioning and contract management Education, health and care plans (EHCPs) Children’s social care budget management Children’s services safeguarding Educational psychology Housing strategy, use of temporary accommodation and homelessness

Area	Indicative Days	Potential activity
		Adult social care – care payments and contract management Adult social care safeguarding Integrated care partnerships and joint commissioning Schools themed audits – HR / payroll, schools financial value standard (SFVS), lettings and income (individual school audits may be done in response to specific issues) Section 106 agreements
Other assurance work	90	Follow-up of previously agreed management actions Continuous audit planning and assurance gathering to help support our overall opinion on the framework of risk management, governance and internal control of the council Continuous assurance work, including data analytics and data matching projects Assurance related working groups Contingency
Client support, advice and liaison	93	Committee preparation and attendance Client liaison, support and advice on control, governance and risk related issues External audit liaison
TOTAL	1023	

COUNTER FRAUD PLAN 2022/23

Date: 6 April 2022

Annex 2





Jonathan Dodsworth
Assistant Director - Counter Fraud



Max Thomas
Head of Internal Audit

INTRODUCTION

- 1 Veritau undertakes counter fraud work on behalf of City of York Council. This document summarises the agreed areas of counter fraud work for 2022/23.
- 2 A total of 983 days of counter fraud work has been agreed for 2022/23. 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 (last presented to the Audit and Governance Committee in January 2022).

2022/23 COUNTER FRAUD SUMMARY

- 3 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, reviewing counter fraud risks, and support to the council with maintenance of the counter fraud framework. Updates on significant fraud trends and counter fraud activities will be provided to the Audit and Governance Committee during the year.

Area	Scope
Proactive Work	This includes: <ul style="list-style-type: none"> • raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues • targeted proactive counter fraud work - for example through local and regional data matching exercises • support and advice on cases which may be appropriate for investigation and advice on appropriate measures to deter and prevent fraud.
Reactive Investigations	Investigation of suspected fraud affecting the council. This includes feedback on any changes needed to procedures to prevent fraud reoccurring.
Covid-19 Response Work	Supporting assurance activities and investigation of potential fraud highlighted through this work. Assisting the council to recover money lost to fraud through grants.
National Fraud Initiative (NFI)	Coordinating submission of data to the Cabinet Office for the National Fraud Initiative (NFI) 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 & Governance Committee – work plan

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

Theme	Item	Lead officers	Scope
6th April <i>Papers published 29/03</i>			
Risk	Key Corporate Risks monitor 4	<u>CYC</u> Helen Malam	Update on Key Corporate Risks (KCRs)
External Audit	Mazars Audit Progress (if required)	<u>Mazars</u> Mark Kirkham	Update report from external auditors detailing progress in delivering their responsibilities as the Council's external auditors.
Governance	Report of the Monitoring Officer	<u>CYC</u> Janie Berry	To include Progress against the Action Plan
HR	Governance Update from Head of HR on CYC settlement agreements	<u>CYC</u> Helen Whiting	To be included as part of Veritau's reports below.
Veritau (internal audit / counter fraud)	Internal Audit & Fraud Plan & Progress report	<u>Veritau</u> Max Thomas/ Richard Smith	An update on progress made in delivering the internal audit work plan for 2021/22 and on current counter fraud activity.
Veritau (internal audit / counter fraud)	Internal audit and counter fraud plans 2022/23	<u>Veritau</u> Max Thomas/ Richard Smith	To present internal audit and counter fraud plans for 2022/23 to the committee for approval.
June (<i>end of month</i>)			
Governance	Corporate Governance Report	<u>CYC</u> Lorraine Lunt	To provide Members with an update on corporate governance including issues.
Risk	Key Corporate Risks monitor 1	<u>CYC</u> Helen Malam	Update on Key Corporate Risks (KCRs)
Veritau (internal audit / counter fraud)	Annual report of the head of internal audit	<u>Veritau</u> Max Thomas/	This will include the annual reporting of any findings in respect of settlement agreements entered into by the

		Richard Smith	Council.
Veritau (internal audit / counter fraud)	Annual counter fraud report	<u>Veritau</u> Max Thomas/ Richard Smith	A summary of counter fraud work and outcomes for 2021/22
Finance	Treasury Management Outturn	<u>CYC</u> Debbie Mitchell	
Finance	Draft Accounts	<u>CYC</u> Debbie Mitchell/ Emma Audrain	
September TBC			
October			
Governance	Corporate Governance Report	<u>CYC</u> Lorraine Lunt	To provide Members with an update on corporate governance including issues.
Governance	Report of the Monitoring Officer	<u>CYC</u> Janie Berry	To include Progress against the Action Plan
Veritau (internal audit / counter fraud)	Internal audit & counter fraud progress report	<u>Veritau</u> Max Thomas/ Richard Smith	An update on progress made in delivering the internal audit work plan for 2022/23 and on current counter fraud activity.
Risk	Key Corporate Risks monitor 2	<u>CYC</u> Helen Malam	Update on Key Corporate Risks (KCRs)
Finance	Final Accounts	<u>CYC</u> Debbie Mitchell/ Emma Audrain	Date subject to External Audit.
Finance	Audit Completion Report	<u>CYC</u> Debbie Mitchell/ Emma Audrain	Date subject to External Audit.
Finance	Treasury Management Midyear Review	<u>CYC</u> Debbie Mitchell	
November TBC (end of month)			

December			
Governance	Corporate Governance Report	<u>CYC</u> Lorraine Lunt	To provide Members with an update on corporate governance including issues.
Governance	Progress against the Action Plan	<u>CYC</u> Janie Berry	
Veritau (internal audit / counter fraud)	Internal audit & counter fraud progress report	<u>Veritau</u> Max Thomas/ Richard Smith	An update on progress made in delivering the internal audit work plan for 2022/23 and on current counter fraud activity.
Risk	Key Corporate Risks monitor 3	<u>CYC</u> Helen Malam	Update on Key Corporate Risks (KCRs)
January / February 2023			
Veritau (internal audit / counter fraud)	Consultation on the annual audit work programme	<u>Veritau</u> Max Thomas/ Richard Smith	To seek the committee's view on priorities for audit work in 2023/24.
Veritau (internal audit / counter fraud)	Annual review of the counter fraud framework	<u>Veritau</u> Max Thomas/ Richard Smith	To present the findings of the annual review of the counter fraud framework and risk assessment, and seek comments on any updates needed to counter fraud and related policies.
Finance	Treasury Management Strategy	<u>CYC</u> Debbie Mitchell	
Governance	Report of the Monitoring Officer	<u>CYC</u> Janie Berry	To include Progress against the Action Plan
March 2023			
Governance	Corporate Governance Report	<u>CYC</u> Lorraine Lunt	To provide Members with an update on corporate governance including issues.
Risk	Key Corporate Risks monitor 4	<u>CYC</u> Helen Malam	Update on Key Corporate Risks (KCRs)
Veritau (internal audit / counter fraud)	Approval of indicative annual internal audit programme and counter fraud plan	<u>Veritau</u> Max Thomas/ Richard Smith	To seek approval for the 2023/24 internal audit work programme, and the counter fraud plan.
Veritau (internal audit / counter fraud)	Internal audit & counter fraud	<u>Veritau</u>	An update on progress made in delivering the internal

counter fraud)	progress reports	Max Thomas/ Richard Smith	audit work plan for 2022/23 and on current counter fraud activity.
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