

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

To:	Councillors J Burton (Vice-Chair), Hollyer (Chair), Fisher, Mason, Melly, Rose and Whitcroft Mr Binney (Independent Member) Mr Leigh (Independent Member)
Date:	Wednesday, 28 February 2024
Time:	5.30 pm
Venue:	The Snow Room - Ground Floor, West Offices (G035)

AGENDA

1. Declarations of Interest (Pages 1 - 2)

At this point in the meeting, Members and co-opted 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. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

[Please see attached sheet for further guidance for Members].

2. Exclusion of Press and Public

To consider the exclusion of the press and public from the meeting during consideration of the following:

Annexes 3 to 10 to Agenda Item 12 (Audit & Counter Fraud Progress Report) on the grounds that it contains information relating to information relating to the financial or business affairs of any particular person (including the authority holding that information).

This information is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

3. Minutes & Action Log (Pages 3 - 26)

To approve and sign the minutes of the meeting held on 31 January 2024.

4. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the Committee.

Please note that our registration deadlines are set as 2 working days before the meeting, in order to facilitate the management of public participation at our meetings. The deadline for registering at this meeting is **5:00pm on Monday, 26 February 2024.**

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 Democratic Services. Contact details can be found at the foot of this agenda.

Webcasting of Public Meetings

Please note that, subject to available resources, this meeting will be webcast including any registered public speakers who have given their permission. The meeting can be viewed live and on demand at www.york.gov.uk/webcasts.

During coronavirus, we made some changes to how we ran council meetings, including facilitating remote participation by public speakers. See our updates (www.york.gov.uk/COVIDDemocracy) for more information on meetings and decisions.

5. Consultation Update (Pages 27 - 30)

The purpose of the report is to provide details of consultation issued by the Department for Levelling Up, Housing & Communities (DLUHC) in respect of local audit delays.

6. Update on Action Plan - No Purchase Order No Pay (Pages 31 - 40)

The report provides an update to members of Audit & Governance Committee about the ongoing review of No Purchase Order No Pay processes. It details the progress made since the report to members in November 2023.

7. Corporate Governance Performance Report (Pages 41 - 54)

This report provides Members with updates in respect of:

- Responses and updates to queries and questions from Committee in November 2023
- Corporate Governance Team (CGT) performance indicators update
- Information Commissioners Office update
- Ombudsmen update including
- Local Government and Social Care Ombudsman (LGSCO) and Housing Ombudsman Service (HOS) cases from the previous report in November 2023 to date of preparing this report on 13 February 2024
- Update on LGSCO and HOS complaint handling codes

8. Early Intervention and Prevention of Roughsleeping - Contract Review (Pages 55 - 64)

This report reviews the scope, establishment operation and end of the contract for Early Intervention and Prevention.

9. Update on the Review of the Constitution

A verbal update will be provided at the meeting.

10. Internal Audit Work Programme Consultation 2024/25
(Pages 65 - 82)

This report outlines arrangements for developing the internal audit work programme. It also asks for the Audit & Governance Committee's views on any areas it thinks should be considered for audit in 2024/25.

11. Audit and Governance Work Plan 2024 (Pages 83 - 84)

To consider the Committee's work plan.

12. Audit & Counter Fraud Progress Report (Pages 85 - 192)

This report provides an update on the delivery of the internal audit work programme for 2023/24 and on counter fraud activity undertaken so far in the year.

13. Urgent Business

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

Democracy Officer:

Name: Louise Cook

Telephone: (01904) 551031

Email: louise.cook@york.gov.uk

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

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

Contact details are set out above.

Declarations of Interest – guidance for Members

- (1) Members must consider their interests, and act according to the following:

Type of Interest	You must
Disclosable Pecuniary Interests	Disclose the interest, not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Directly Related) OR Non-Registrable Interests (Directly Related)	Disclose the interest; speak on the item <u>only if</u> the public are also allowed to speak, but otherwise not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Affects) OR Non-Registrable Interests (Affects)	Disclose the interest; remain in the meeting, participate and vote <u>unless</u> the matter affects the financial interest or well-being: (a) to a greater extent than it affects the financial interest or well-being of a majority of inhabitants of the affected ward; and (b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest. In which case, speak on the item <u>only if</u> the public are also allowed to speak, but otherwise do not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.

- (2) Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.
- (3) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations,

and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.

City of York Council

Committee Minutes

Meeting	Audit and Governance Committee
Date	31 January 2024
Present	Councillors J Burton (Vice-Chair), Hollyer (Chair), Fisher, Mason, Melly, Rose and Whitcroft Mr Binney (Independent Member) Mr Leigh (Independent Member)
In Attendance	Bryn Roberts, Director of Governance and Monitoring Officer Claire Foale, Assistant Director of Policy and Strategy Mark Kirkham, Mazars Mark Outterside, Mazars Helen Malam, Principal Accountant Debbie Mitchell, Chief Finance Officer

36. Declarations of Interest (5:34 pm)

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.

37. Minutes & Action Log (5:34 pm)

Resolved: That the minutes of the meeting held on 8 November 2023 be approved and then signed by the Chair as a correct record subject to removing the words *no other* in the third paragraph of minute item 29 and to add to the end of that sentence, *members will generally have access to pink papers.*

During discussion and in answer to questions raised it was:

- agreed that a date would be included in the 'to be completed by' column of each outstanding action on the action log.
- noted that the minutes of the Joint Committee of Customer and Corporate Services, Climate Change and Scrutiny Management Committee and Audit and Governance

Committee held on 15 January 2024 would be signed off at the next joint committee meeting.

- noted that the Constitution review was underway and the Task Group was making slow but steady progress and were currently up to Section B1.

Thanks was expressed to the Constitution Review Task Group.

38. Public Participation (5:40 pm)

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

Gwen Swinburn addressed City of York Council's (CYC) core governance and culture failings and the Local Government Association (LGA) peer review. She noted her constructive governance contributions over the last decade and highlighted the various governance failings that she felt were the root of what was wrong at CYC. She feared the LGA peer review would not address the failings and she acknowledged that citizens should be recognised as stakeholders and not as customers.

39. Report of the Monitoring Officer (5:43 pm)

The committee considered a report that updated them on any significant issues considered by the Monitoring Officer.

The Monitoring Officer provided a brief overview noting that a revised resolution had been submitted for agenda item 7, which would result in the Statement of Accounts for 2022/23 not concluding the full sign off at this meeting.

During discussion of the item, and in answer to questions raised regarding the member induction programme, Freedom of Information requests and the York and North Yorkshire Combined Authority draft Constitution, it was acknowledged that:

- the Audit and Governance Committee would have oversight of the member induction programme, and an update report, including feedback from the Joint Standards Committee, who had predominantly focussed on the level of uptake of the training provided to Members, could be provided.
- this committee regularly received Freedom of Information metric reports from the corporate governance team and in

respect of the recent enforcement notice from the Information Commissioner, measures had been inaugurated to ensure performance reports would be overseen by the corporate management team.

- the Monitoring Officer would enquire if feedback could be provided to central government regarding the process undertaken to approve the York and North Yorkshire Combined Authority (YNYCA) draft Constitution.
- the Constitution Review Task Group would consider any elements of the York and North Yorkshire Combined Authority's Constitution that could impact City of York Council's Constitution.

The Monitoring Officer was thanked for his report and update.

Resolved:

- (i) That the contents of the report be noted.
- (ii) That the Monitoring Officer enquires if feedback can be provided in relation to the process undertaken to approve a draft Constitution for the York and North York Combined Authority.

Reason: The contents of the report were provided for information only and to ensure agreed actions were implemented.

40. Local Government Association (LGA) Peer Challenge (5:55 pm)

The committee considered a report that provided an update on the Local Government Association (LGA) Peer Challenge that was due to take place between 6-9 February 2024, with some preparatory interviews taking place in advance.

The Assistant Director of Policy and Strategy provided an overview noting the scope (Annex A to the report) and the list of interviewees (Annex B to the report) which had responded to the LGA's prescriptive request. The Assistant Director highlighted an error within paragraph 10 of the report in that the Peer Challenge report and recommendations would be presented to Executive in May 2024 and not April 2024 due to the pre-election period.

During discussion of the item, particularly the list of interviewees, although the committee recognised that this was the LGA's review and should be administered by them, they questioned if the Peer Reviewers could consider engaging with a broader spectrum of stakeholders such as residents, all councillors, all officer levels, trade unions, and parish and town councils. Officers acknowledged the tight timelines the LGA were already working towards but agreed to forward members comments back to the LGA for consideration.

In answer to further questions, it was noted that:

- to form the basis of their questions, the Peer Reviewers had also requested further data relating to the public interest reports, previous peer challenge and action plans, and the 10 recommendations previously outlined by the Local Government Association.
- Inclusive Global would provide an objective and outside view on the council's approach to equality and inclusivity and would assess the authority against a set of criteria from poor to excellent.

The Assistant Director was thanked for her report and the committee acknowledged that a member induction programme update was due to be considered by this committee in May.

Resolved:

- (i) That the report be noted.
- (ii) That Members comments regarding the interviewee list be fed back to the LGA for consideration.

Reason: To keep the committee updated on the forthcoming Local Government Association Peer Challenge.

41. Mazars Audit Completion Report (6:09 pm)

The committee considered the Audit Completion Report from Mazars, attached at Annex A of the report, which included their findings of the audit for the year ended 31 March 2023.

The external auditors addressed their report, highlighting the:

- significant findings from the audit.
- internal control recommendations.
- minor misstatements and other amendments.
- value for money arrangements.

Members noted the current status of the audit and that Mazars were still waiting for pension fund assurance from Deloitte, the North Yorkshire Pension Fund auditor.

Members' questions were answered regarding the council's heritage assets, the scrutinization of the recommendations and actions from the audit completion report, and an undervalued insurance misstatement, which was due to an administrative error and a procedure had been inaugurated to ensure the oversight did not reoccur.

Mazars were thanked for the work undertaken to complete the audit.

Resolved: That the matters set out in the Audit Completion Report presented by the external auditor be noted.

Reason: To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.

42. Statement of Accounts 2022/23 (6:18 pm)

The committee considered a report that presented the final set of accounts for 2022/23, which followed draft pre-audit accounts previously presented on 19 July 2023.

The Principal Accountant provided an update and proposed replacing recommendation (b) of the report due to the delay in receiving pension fund assurance from Deloitte, the North Yorkshire Pension Fund auditor. She suggested replacing it with:

Delegate authority to the Chair in consultation with the Vice Chair to approve and sign the final Statement of Accounts by resolution of this Committee in accordance with the Accounts and Audit regulations 2015 - subject to the only amendments being related to the Pensions fund (as a result of the North Yorkshire Pension Fund audit).

It was noted that the pensions audit was the only outstanding piece of work that would impact on the accounts entries, and officers were not expecting any adjustments to be required.

Officers responded to a number of questions from Members that related to the budget monitoring processes, the increased external audit costs which were due to a new public sector audit appointment framework contract, local government funding across the country and the disposing of and management of the council's heritage assets.

During discussion, officers agreed to include clearer timelines, processes and explanations within the statement of accounts and the narrative report, particularly relating to the:

- Election in May 2023.
- general and earmarked reserves and overspends.
- progress of the major projects.

The committee also requested a summary of all the assets the council owned and a breakdown of the 2021/2022 and 2022/2023 member allowances and expenses.

Officers were thanked for their report and having being unanimously agreed, the proposed recommendation was carried.

Resolved:

- (i) That the matters set out in the Audit Completion Report presented by the external auditor in the previous agenda item and summarised in this report, be noted.

Reason: To ensure the proper consideration of the opinion and conclusions of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money.

- (ii) That the Chair, in consultation with the Vice Chair, be given delegated authority to approve and sign the final Statement of Accounts in accordance with the Accounts and Audit regulations 2015 - subject to the only amendments being related to the Pensions fund (as a result of the North Yorkshire Pension Fund audit).

Reason: To ensure compliance with the International Auditing Standards and other relevant legislative requirements.

43. Monitor 3 2023/24 - Key Corporate Risks (6:51 pm)

The committee considered a report that provided an update on the key corporate risks (KCRs) for City of York Council (CYC), included at Annex A to the report.

During discussion and in answer to questions raised regarding the gross impact scores, the risks associated with an unadopted Local Plan and the York and North Yorkshire Combined Authority, it was acknowledged that:

- the major metric risk definition used in the gross impact score for KCR 1, Financial Pressures could be reconsidered.
- the Local Plan Inspectors report had been expected earlier this year, however, a further hearing had been requested which would delay the conclusion of their review. A more detailed report would come to a future meeting of this committee, but in the meantime, the officers working on the Local Plan would be asked to provide an update on the risks to committee members.
- officers would consider if there were any key corporate risks associated with accessing and utilizing additional resources through the York and North Yorkshire Combined Authority.

Officers were thanked for their report.

Resolved: That the key corporate risks included at Annex A to the report and summarised at Annex B to the report, be noted.

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

44. Treasury Management Monitor 3 2023/24 (7:00 pm)

The committee considered a report that provided a quarterly update on treasury management activities and the latest update of the prudential indicators.

The Chief Finance Officer raised a point of clarification in that since her report had been published the council had recently borrowed £10m and in answer to a question raised, she confirmed that in table 1, the Link Group Interest Rate forecasts,

noted on page 334 of the agenda in Annex 1, should state 4.0 for June, September and December 2026 and not 40.

The committee noted the performance indicators and it was acknowledged that the treasury management training recording would be circulated around committee members.

The Chief Finance Officer was thanked for her report.

Resolved: That the Treasury Management Monitor 3 and Prudential Indicators, attached at Annex 1 to the report, be noted.

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

45. Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators for 2024/25 to 2028/29 (7:03 pm)

The committee considered a report that was a statutory requirement setting the strategy for treasury management and specific treasury management indicators for the financial year 2024/25. The strategy was set against a context of projected interest rates and the council's capital expenditure programme and leaves investment criteria and limits largely unchanged.

The Chief Finance Officer presented her report and noted that it would be considered by Full Council on 22 February 2024.

In answer to questions raised it was confirmed that officers do regularly review the bank charges and provider used.

The Chief Finance Officer was thanked for her report.

Resolved: That the treasury management strategy statement and prudential indicators for 2024/25 to 2028/29, at Annex 1 to the report, be scrutinised.

Reason: So that those responsible for scrutiny and governance arrangements were properly updated and able to fulfil their responsibilities in scrutinising the strategy and policy.

46. Audit and Governance Work Plan 2024 (7:06 pm)

The committee considered the work plan for the 2023/24 municipal year and in answer to questions raised, it was noted that:

- the pre-election period would start on Tuesday, 26 March and further guidance would be issued in February.
- a report would be received at the next meeting on the Salvation Army early intervention and prevention contract.
- The 2024/25 Corporate Calendar would be finalised shortly and officers were exploring if the calendar could also be completed for the next three municipal years.

Resolved:

- (i) That officers consider the best method for the committee to deliberate the council's asset register.
- (ii) That the workplan be populated to include the 2024/25 finance reports.
- (iii) That a member induction programme report, including feedback from the Joint Standards Committee, and an update on the LGA peer review recommendations, be received in May.

Reason: To ensure the committee maintained a programme of work for 2023/24 and 2024/25.

Cllr Hollyer, Chair

[The meeting started at 5.33 pm and finished at 7.15 pm].

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Action Log

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	To be completed by	Completed
8	07/02/23	LGA Recommendations Report	That the Council undertake a three year review reporting to the Audit and Governance Committee to review the Council's performance against the ten recommendations outlined by the LGA and to report on the progress of Member training	Claire Foale	Officers reviewing how to operate the review and would bring proposals to the first meeting of the Committee post the upcoming local elections. This was due to be reported at the A&G meeting on 29 November 2023 but was then deferred to 28 Feb 2024 and now to May 2024, due to the recommendations from the LGA Peer Challenge not being ready for the report.	31-May-24	No
14	19/07/23	Review of the Constitution	The Committee requested that Officers drafted a procedure for how budget amendment proposals are considered by Council for inclusion to the Constitution, as part of the Constitution review	Bryn Roberts	Ongoing as part of the Constitution review	Ongoing	No
16	19/07/23	Review of the Constitution	That Members of the Committee contact the Monitoring Officer about any areas of the Constitution they believe requires a review	Committee Members	Ongoing as part of the Constitution review	Ongoing	No
19	12/09/23	Minutes	That the full Key Performance Indicator range, discussed at the 19 July meeting, be split by directorates and circulated to Committee Members.	Lorraine Lunt	Will include updated format and content of KPI range in next report due on 28 February 2024 for further comment and feedback	28-Feb-24	No
27	08/11/23	Corporate Governance Performance Report	The Information Commissioners Office had confirmed the council had complied with their enforcement notice and this result would be published on their website. Once available, officers to share the uniform resource locator (URL) link with Members.	Lorraine Lunt	The ICO group manager confirmed that they will not publish until the end of the 6 month period of the Enforcement Notice. However, they did acknowledge that we had complied fully with the requirements of it i.e. send responses and publish plan. An update will be provided at the end of the 6 month period (13th March 2024)	13-Mar-24	No

28	08/11/23	Corporate Governance Performance Report	Following the covert surveillance training provided to Members of the A&G committee, on 8 November, Members to provide any feedback on the content of the annual report.	Committee Members			No
29	08/11/23	Corporate Governance Performance Report	That the delay in disclosing the Freedom of Information backlog position be discussed with the Information Commissioners Office Group Manager and reported back to Members.	Lorraine Lunt	An update will be included in the next report on 28 February 2024	28-Feb-24	No
30	08/11/23	Corporate Governance Performance Report	The Improvement Plan to be revised to ensure Members could monitor the progress of any improvements and completed outcomes.	Lorraine Lunt	An updated improvement plan has been published on the council website with progress and it will also be included in the next report on 28 February 2024. This has also been discussed with the ICO Group Manager.	28-Feb-24	No
31	08/11/23	Corporate Governance Performance Report	The Chair to explore the open data platform, relating to corporate performance reports, with the business intelligence team	Chair		TBC	No
32	08/11/23	Corporate Governance Performance Report	The stretch target set by the ICO was 95% or above, further analysis to be included in future updates to clarify the council's position.	Lorraine Lunt	This will be included in the next report due on 28 February 2024 and review for future reports from comments and feedback at the next Committee.	28-Feb-24	No
33	08/11/23	Report of the Monitoring Officer on suggested Constitutional Changes	That a cross party working group be established to consider the Constitutional changes for onward endorsement by the Audit and Governance Committee on 28 February 2024 then Full Council on 21 March 2024	Bryn Roberts		Ongoing	No
34	08/11/23	Publication of Internal Audit Reports	To include details in a public summary report that highlights the key points and an overall conclusion of assurance levels for completed reports.	Veritau/Bryn Roberts	This will be ongoing. The information will be provided as part of all future internal audit & counter fraud progress reports brought to the committee. The next is scheduled for February 2024.	Ongoing	No

35	08/11/23	Publication of Internal Audit Reports	That the Access to Information procedure rules be included in the Constitution review, particularly around Members rights to information.	Bryn Roberts		Ongoing	No
38	08/11/23	Update on No Purchase Order No Pay Process	More analysis in future reports, particularly relating to the: Exemption list, Value of invoice, PO invoice dates/approvals , Retrospective POs and the Action Plan.	Helen Malam	This will be included in the next report	28-Feb-24	No
40	31/01/24	Report of the Monitoring Officer	That the Monitoring Officer enquires if feedback can be provided to central government in relation to the process undertaken to approve a draft Constitution for the York and North York Combined Authority.	Bryn Roberts			No
42	31/01/24	Statement of Accounts	Provide members with a breakdown of the 2021/2022 and 2022/2023 member allowances and expenses.	Helen Malam Bryn Roberts	Will be emailed to Members	29/02/24	No
43	31/01/24	Key Corporate Risks	The officers working on the Local Plan be asked to provide an update on the risks to committee members.	Helen Malam	This will come as part of the KCR monitor 4 update	31/05/24	No
44	31/01/24	Key Corporate Risks	Officers to consider if there were any key corporate risks associated with accessing and utilizing additional resources through the York and North Yorkshire Combined Authority.	Helen Malam	This will come as part of the KCR monitor 4 update	31/05/24	No
45	31/01/24	Key Corporate Risks	1) The major metric risk definition used in the gross impact score for KCR 1, Financial Pressures be reconsidered. 2) The original risk scores could be included above the matrix that categorises the KCRs according to their net risk evaluation.	Helen Malam	This will come as part of the KCR monitor 4 update	31/05/24	No
46	31/01/24	Statement of Accounts and Work Plan	That the committee receives a summary of all the assets the council owns and officers consider the best way for this to be reviewed	Helen Malam/Bryn Roberts	Will be emailed to Members	29/02/24	No
48	31/01/24	Work Plan	That the workplan be populated to include the 2024/25 finance reports	Debbie Mitchell	This action will completed as soon as the committee meetings calendar for 2024/25 has been finalised.	31/03/24	No

49	31/01/24	Work Plan	That an update report be received on the Member Induction Programme including feedback from the Joint Standards Committee	Claire Foale		31/05/24	No
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Completed Actions Archive

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	Completed by	Completed
1	29/06/22	Issuing of Parking Permits	That the Committee request that CCSMC review how the Council issues parking permits.	Bryn Roberts	This has been referred to the Scrutiny Work Planning meeting, with a request that it be considered for inclusion on the forward work plan.	Bryn Roberts	Yes

2	07/09/22	KCR updates	<p>Updates to the Committee be provided on:</p> <p>KCR 1 (financial pressures): Information was requested on the impact of inflation on business rates and council tax payments, the potential impact of the care cap, and any indications of additional government support.</p> <p>KCR 9 (communities): A suggestion was made to include relationships with parish councils in this KCR.</p> <p>KCR 12 (major incidents): It was suggested that an explanatory note be added against the new risk (relating to commercial power outages).</p>	Debbie Mitchell	Information requested has been included in the KCR3 report being presented to A&G on the 18th January.	Helen Malam	Yes
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3	07/09/22	Code of Conduct Training	That Members' comments regarding the training programme currently in preparation by officers be fed into the process, and that the committee have sight of the programme prior to the election period.	Bryn Roberts	Members' comments have been taken into account, and a report outlining the Members Induction Programme is to be considered by the Committee on 18 January 2023.		Yes
4	30/11/22	Final Statement of Accounts	Delegated authority to the Chair in consultation with the Vice Chair to approve and sign the final Statement of Accounts	Debbie Mitchell	We are awaiting the outcome of technical discussions before the	Emma Audrain	Yes

5	18/01/23	KCR updates	That report be added to the Committee work plan to review KCRs 8 The Local Plan and 12 Major Incidents.	Bryn Roberts/ Debbie Mitchell	Added to work plan - 8th November, KCR Monitor 2 report, including review of KCR12 Major incidents and 31st January KCR Monitor 3 report including review of KCR 8 Local Plan. This will then complete that action.	Helen Malam	Yes
6	18/01/23	KCR updates	That KCR 2 Governance include a control that the Committee will make recommendations to a meeting of Council following the Local Governance Association's report.	Debbie Mitchell	This has been actioned, with a control added to the latest version of the risk register.	Helen Malam	Yes
9	07/02/23	LGA Recommendations Report	To recommend to the Chief Operating Officer and the Leader of the Council to engage the LGA about initiating a Corporate Peer Review	Bryn Roberts	Taking place w/c 5 Feb 2024	Bryn Roberts Jan 2024	Yes

10	19/07/23	Internal Audit Reports	That a report be brought to the Committee outlining the Council's process for determining what information should be kept exempt from the press and public in relation to internal audit reports.	Bryn Roberts	To close following the next meeting	Bryn Roberts on 08/11/2023	Yes
11	19/07/23	Corporate Governance Report	That Q4 2022/23 data be included within the next Corporate Governance update report	Lorraine Lunt	Included in the report on 8th Nov	Lorraine Lunt on 08/11/2023	Yes
12	19/07/23	Corporate Governance Report	That Officers provide an update to Committee Members via email into the progress on responding to Adult and Children's Social Care complaints.	Lorraine Lunt	Update provided in the report on 8th Nov	Lorraine Lunt on 08/11/2023	Yes
13	19/07/23	Corporate Governance Report	That Officers review the ombudsman decisions and share with the Committee any additional decisions If not included within annex 3 to the report as intended.	Lorraine Lunt	Included in report on 8th Nov- confirming duplicate case in Annex 3 of July report and no additional decisions to include for that reporting period	Lorraine Lunt on 08/11/2023	Yes

15	19/07/2023 and 12/09/23	Review of the Constitution	That the Monitoring Officer review, in the Constitution, the Public Participation Protocol, the language used and a specific point regarding incoming new Leaders of the Council, as part of the Constitution review:	Bryn Roberts	To close following the next meeting	Bryn Roberts on 08/11/2023	Yes
17	19/07/23	Internal Audit Reports	That a report be added to the Committee work plan to review the policy and use of payment orders within the Council.	Debbie Mitchell	A report is included on the agenda for the November meeting	Debbie Mitchell	Yes
18	12/09/23	Minutes	That the action log be reviewed to demonstrate a clearer control process.	Bryn Roberts	To also include the completed actions archive in the agenda	Bryn Roberts/Dem Services	Yes
21	12/09/23	Monitor 1 23/24 - Key Corporate Risks	Investigate what processes the council currently had in place for urgent extreme weather incidents and inform the Committee	Helen Malam	Update to be provided by email or at the next meeting	Helen Malam on 08/11/2023	Yes
22	12/09/23	Monitor 1 23/24 - Key Corporate Risks	Consider expanding Key Corporate Risk 12 to include the impacts extreme weather incidents had on communities and people's wellbeing	Helen Malam	Update to be provided by email or at the next meeting	Helen Malam on 08/11/2023	Yes

23	12/09/23	Monitor 1 23/24 - Key Corporate Risks	Investigate if there were any government schemes in place to recover the lost council tax income, due to students being exempt.	Helen Malam	Update to be provided by email or at the next meeting	Helen Malam on 08/11/2023	Yes
24	12/09/23	Monitor 1 23/24 - Key Corporate Risks	Consider the project management of the Castle Gateway Project and York Central to enable improved consultation and engagement with the general public. (KCR 7).	Helen Malam	Update to be provided by email or at the next meeting	Helen Malam on 08/11/2023	Yes
25	12/09/23	Monitor 1 23/24 - Key Corporate Risks	Modify the wording used in relation to the adoption date of the Local Plan. (KCR 8).	Helen Malam	Completed	Helen Malam	Yes
26	12/09/23	Treasury Management Monitor 1	That treasury management be included in the Member training schedule.	Debbie Mitchell	Training to be provided prior to the A&G meeting on 31 January 2024	Debbie Mitchell 31/01/2024	Yes
27	12/09/23	Audit and Governance Work Plan	To receive a report that focused on implementing good practices in transparency, reporting, and audit, to deliver effective accountability.	Bryn Roberts	To close following the next meeting	Bryn Roberts on 08/11/2023	Yes

28	12/09/23	Urgent Business	That an initial response be provided to Committee Members on the strategy to clear the Freedom of Information backlog and then an update, from the Information Governance Team, be provided at the next meeting.	IG Team / Bryn Roberts	Ahead of next CGT report on 8th Nov, the progress and improvement plan has been published on the council website https://www.york.gov.uk/freedom-information/information-commissioner's-office-ico-enforcement-notice-improvement-plan	Lorraine Lunt on 08/11/2023	Yes
36	08/11/23	Treasury Management Mid-Year Review and Prudential Indicators 2022/23	Explore the investment portfolio available on the council's current accounts	Debbie Mitchell	Covered as part of member training	Debbie Mitchell and Tony Clark 31/01/2024	Yes

37	08/11/23	Treasury Management Mid-Year Review and Prudential Indicators 2022/23	Further information to be issued to Committee Members regarding the Public Works Loan Board (PWLB) certainty borrowing rates, (as noted in table 6 at point 42 of Annex 1 to the report)	Debbie Mitchell	Covered as part of member training	Debbie Mitchell 31/01/2024	Yes
39	08/11/23	Monitor 2 2023/24 - Key Corporate Risks	To include an update on the progress of the Local Plan (KCR 8).	Helen Malam	This will be reported at the A&G meeting on 31 January 2024	Helen Malam 31/01/2024	Yes
41	31/01/24	Local Government Association (LGA) Peer Challenge	That Members comments regarding the interviewee list and the LGA engaging with a broader spectrum of stakeholders be fed back to the LGA for consideration.	Claire Foale	Recommendations from Audit and Governance were taken on board with additional workshops arranged for Trade Unions, Elected Members, and Talkabout panel members invited as residents.	ClaireFoale 09/02/2024	Yes

47	31/01/24	Treasury Management Training	The treasury management training recording would be circulated around committee members.	Louise Cook	Completed	Louise Cook 02/02/2024	Yes
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Audit and Governance Committee

28 February 2024

Report of the Chief Finance Officer
Portfolio of the Executive Member for Finance, Performance, Major Projects,
Equalities and Inclusion

Consultation Update

Summary

1. The purpose of the report is to provide details of consultation issued by the Department for Levelling Up, Housing & Communities (DLUHC) in respect of local audit delays.

Recommendations

2. Audit & Governance Committee are asked to note the report.

Reason: So that the Committee is kept up to date with national issues in local audit.

Background

3. The consultation is in response to the growing backlog in the publication of audited accounts of Councils across England. The Government feels that this backlog has grown to an unacceptable level and is therefore proposing a package of cross-system measures to clear the backlog and put the system on a sustainable footing.
4. The number of outstanding opinions peaked on 30 September 2023 at 918. As at 31 December 2023, the backlog of outstanding audit opinions stood at 771.
5. Work has been ongoing across the sector to agree a proposed solution to both clear the outstanding historical audit opinions and ensure that delays do not return.

6. The consultation proposes changes to the Accounts & Audit Regulations 2015 that would require Councils to ensure they have published audited accounts for financial years 2015/2016 to 2022/2023 by 30 September 2024.
7. The Councils ability to meet this requirement depends on an audit opinion being issued in time. For this reason, the National Audit Office is proposing that the Code of Audit Practice be amended so that auditors are required to issue their opinion in time for the authority to publish its accounts by the 30 September 2024.
8. Further proposals are made to establish statutory backstop dates for all financial years up to and including 2027/28 as follows:
 - 2023/24: 31 May 2025
 - 2024/25: 31 March 2026
 - 2025/26: 31 January 2027
 - 2026/27: 30 November 2027
 - 2027/28: 30 November 2028
9. There would be exemptions from the proposed statutory deadlines for auditors in certain circumstances. These would include, for example, if the auditor is unable to issue their opinion where there are outstanding objections to the accounts that could be material to that opinion.
10. Members will be aware that this Council does not have a backlog of unaudited accounts, with just 2022/23 to finalise as outlined at the last meeting of this Committee. Therefore, we are not proposing to respond to the consultation and this report is for information only.

Consultation

11. Not applicable.

Options

12. Not applicable.

Council Plan

13. Not applicable.

Implications**Financial**

14. There are no immediate financial implications to this report. However, Public Sector Audit Appointments (PSAA) will use its fee variation process to determine the final fees local public bodies will have to pay in relation to any delayed audits and 2023/24 audits.

Legal Implications

15. There are no legal implications to this report.

Other Implications

16. There are no other implications as a result of this report.

Contact Details	
Author	Chief Officer responsible for the report
Debbie Mitchell Chief Finance Officer debbie.mitchell@york.gov.uk	Debbie Mitchell Chief Finance Officer
	Report approved 19.2.24
Wards affected	All

Annexes: None

Background Papers

<https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england-consultation>

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Meeting:	Audit & Governance
Meeting date:	28/02/2024
Report of:	Debbie Mitchell, Chief Finance Officer
Portfolio of:	Executive Member for Finance, Performance & Major Projects

Audit and Governance Committee Report: Update on Action Plan - No Purchase Order No Pay

Subject of Report

1. The report provides an update to members of Audit & Governance Committee about the ongoing review of No Purchase Order No Pay processes. It details the progress made since the report to members in November 2023.
2. Progress is being made against all the agreed actions and an improvement in invoice data in terms of retrospective orders being placed has been seen.

Policy Basis

3. The report and the recommendation support the Financial Strategy of the Council, by providing assurance to Members that financial regulations are followed, orders are raised with the proper authorisation and budgetary control is adequate.

Recommendation and Reasons

4. Audit & Governance are asked to note and comment on the progress to date.

Reason: To gain assurance that the Council is taking proper action to respond to the agreed audit actions and improvements to purchasing processes are being made where necessary.

Background

5. Recent internal audits have found control issues from retrospective purchase orders (POs) being raised. Several audit recommendations have been made and an action plan was presented to members of this committee in November 2023 as a response to these actions.
6. The Creditors internal audit report issued by Veritau in March 2023 identified that the retrospective raising of purchase order continues to take place; an issue that they had identified in the previous audit in 2021/22. The most recent audit found that 55% of invoices in 2022 were dated on or before the PO date.
7. The action plan focussed on 4 areas to mirror the recommendations of the internal audit reports:
 - Review of policy and processes
 - Training
 - Role of Business Support
 - Exemptions to the policy
8. The action plan was discussed by members of Audit & Governance committee, and it was agreed that a progress report would be provided at a future meeting.

Progress to date

9. Since November, a significant amount of work has been undertaken to analyse the issues across Purchase to Pay. This has involved Business Support and Procurement colleagues as well as Finance. A large proportion of the work has been fact-finding in nature, to understand why different users and departments are raising purchase orders retrospectively. As such there has been no direct effect on the statistical data. The issues vary across departments and there are not obvious 'quick fixes' in most cases. A common theme that has been established is the need for training to improve the efficiency of the processes and adherence to the policy.
10. We have also engaged with other local authorities to get an insight into how they have made improvements to their purchasing

processes and will be making use of their experience moving forward.

11. The action plan has been updated and is provided at Annex A. Progress against each area is described in the following paragraphs.

Review of the Policy

12. In December 2023, the Council implemented spend controls in order to limit the extent of the in-year overspend. As a result, the number of POs raised across the Council has significantly reduced, although not directly linked to the this review it does mean that spend is being scrutinised more closely and it is expected that users of the purchasing system will be more aware of commitments being made.
13. In terms of progress against the actions; firstly, the policy remains under review by Finance, Business Support and Procurement. The benefits of the policy still apply today, however adherence to it is not consistent. A number of services have been reviewed so far and each one has differing issues. The solutions explored include:
 - Training to ensure adherence
 - Use of call off orders
 - Use of emergency orders
 - Applying an exemption to the policy
14. Retrospective ordering is one of the key issues identified in the Creditors audit. Data shows that there are some areas where large numbers of retrospective ordering takes place. These are being identified and discussions held with each service and the Finance support to establish which solution is appropriate.
15. The data from the last two months shows that there have been reductions in the number of retrospective orders across Environment, Transport & Planning and Housing & Building Services. Together with Business Support, these areas account for over half of the total number of invoiced orders in the year to date. See table below:

Department	Total Invoiced Orders YTD	Retrospective Orders YTD	% YTD
Environment, Transport & Planning	3,534	1,898	54%
Business Support	3,772	1,620	43%
Housing & Building Services	2,061	1,445	70%
Other Services	4,485	1,701	38%

16. Since the last report, Creditors have made changes to their processes. The aim is to increase adherence to the purchasing policy, reduce their workload and assist with the spend control measures.

Training

17. As previously stated, the need for training is evident. Many of the discussions held already suggest that new starters have been trained to follow practices that don't adhere to the policy. The conclusion is therefore that the practice of local training by another purchasing user should be replaced by corporate training.
18. A new training course will be drafted and will be a mandatory requirement for all new users of the purchasing module. This will be done with the support of the Workforce Development Unit.
19. For existing users, a refresher training module will be prepared for the Council's online training system (MYLO) and subject to CMT approval, there will be a requirement to complete this on an annual basis.
20. The new training will be drawn up in the coming months and commence in the Summer. A revised date for this action has therefore been added to the plan at Annex A.

Business Support role

21. Progress has been made more easily in this area, as the number of users is smaller. Requests for retrospective ordering by other departments are now being monitored and support is being provided by the Systems Team. Where a request for a retrospective PO is

made an escalation process is in place for repeated non-compliance.

22. The monitoring log shows that rejected requests were not in respect of a common supplier, but there have been multiple requests from the same people. This provides another angle to explore for training.
23. The Creditors Team have also logged invoices received without a PO number referenced, since November. Where they have been received directly from suppliers these are returned. A review of the log shows that most suppliers have had one invoice returned, however there are a number of suppliers who repeatedly send invoices into the Council without a PO number. Communications will be issued to these suppliers to remind them of the Council's payment terms.
24. Furthermore, in a change to the process, all requisitions are now sent to the appropriate Budget Manager to approve directly within the system, which has removed the duplication of authorisation via email as well. This change will also highlight spend to those managers and aid scrutiny.
25. During December and January there has been a significant reduction in the number of retrospective orders being placed by Business Support, on behalf of other departments. The average has decreased from 224 a month to 136 per month. It is expected that this number will improve further as departments are better educated and the training has taken effect.
26. This is important as on average business support process 35-40% of all purchase order transactions. There is still further work to complete to determine if the role of ordering needs to be devolved back to some services.

Exemptions to the policy

27. An initial review of the current exemptions list has been completed by Finance and Procurement. Where necessary this has been streamlined. However new exemptions are being considered in areas where POs are not workable.

28. It is acknowledged by officers that there will continue to be occasions, albeit limited, where an exemption to the policy is necessary to avoid inaccurate commitments to the ledger and lengthy processes that do not add value. Although this should by no means be seen as a way of avoiding the correct processes.
29. Members previously requested information about the exemptions currently in place. The list includes 68 exemptions, which fall into 4 agreed categories. The table below shows the data for these:

Category	Number of suppliers
System: Framework-i	16
System: Tranman	25
Others	16
Utility	11
Total	68

30. The Framework-i and Tranman categories were granted exemptions as the orders have effectively been raised on an alternate system. These orders are interfaced with the general ledger and therefore no further order is raised. Utility suppliers are also exempt from purchasing.
31. It is the 'others' category that is controlled and limited as far as possible by Procurement. Examples here include Royal Mail and Whistl for postage and Allpay, our global payments supplier. In these examples our supply is hard to predict or unknown and therefore a call off order would not add value to the control of expense or budget monitoring.

Conclusions

32. The steps put in place so far have started to raise the awareness of users around the need to follow the correct processes and avoid raising retrospective POs. However, the work to improve efficiency and adherence to the Council's purchasing processes is ongoing and will to take a concerted effort to realise improvement.

33. The data so far shows us where we need to target our efforts, but there is a general need for both refresher training of existing users and expert training of new users. This should be provided by the owners of the system, rather than other users.

Consultation Analysis

34. Consultation has taken place with the Systems Finance team; Business Support (responsible for the Creditors function) and Corporate Procurement. As these sections all have a role to play in the purchasing process.
35. Consultation about the changes being made will be shared with these teams and Corporate Management Team to ensure support for the changes.

Risks and Mitigations

36. If the purchasing processes and No PO No Pay policy are not followed correctly, the main risk is to proper budgetary control. In the current economic climate, it is essential that all commitments are forecast as far as is possible and suppliers understand the terms of payment offered by the Council.

Contact details

For further information please contact the authors of this Report.

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Date:	19/02/2024

Co Author

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Job Title:	Systems Accountant, Corporate Finance
Service Area:	Finance & Procurement
Report approved:	Yes
Date:	19/02/2024

Background papers

- A&G Report, Update on No PO No Pay processes, 8 November 2023
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=437&MId=14178&Ver=4>
- *City of York Council Creditors internal audit report, issued 13/03/2023*
- *City of York Council Financial Regulations*
- *No purchase order no pay communication to staff and suppliers*
<https://colin.york.gov.uk/besupported/finance-purchasing/purchase-to-pay/>
- *NPONP Exemptions Policy and List*

Annexes

- Annex A: Action Plan

Action Plan – No Purchase Order No Pay

Audit Recommendation	Actions Proposed	Status	Target Date/ Completed by	Revised Date	Responsible Officer
Policy & Processes	1. Review appropriateness of the policy	Completed	31/12/2023	-	Principal Accountant
	2. Consult with key stakeholders	Completed	31/12/2023	-	
	3. Review invoice data and identify services that need support	Ongoing	31/12/2023	31/05/2024	
	4. Make necessary changes to policy/processes	In progress	31/12/2023	31/05/2024	
	5. Issue exemptions in consultation with Procurement	Ongoing	31/12/2023	31/05/2024	
Training provision	6. Review training offered and attendance	In progress	31/03/2024	31/07/2024	Systems Accountant
	7. Refresher training on the policy	In progress	31/03/2024	31/07/2024	
	8. Consider whether mandatory training is required.	In progress	31/03/2024	31/03/2024	
Role of Business Support	9. Identify users within business support that are undertaking retrospective ordering	Completed	31/12/2023	-	Principal Accountant/ Head of Business Support
	10. Discuss with services if orders can be raised by someone in the dept	In progress	31/03/2024	31/03/2024	

Audit Recommendation	Actions Proposed	Status	Target Date/ Completed by	Revised Date	Responsible Officer
	11. Review authorisation processes	Completed	31/12/2024	-	
Exemptions list	12. Review current list of exemptions in consultation with Procurement	Completed	31/12/2024	-	Principal Accountant/ Head of Procurement
	13. Makes revisions and notify suppliers of changes	Ongoing	31/12/2024	31/05/2024	
	14. Reissue to Creditors team and make available on the intranet	Completed	31/12/2024	-	



Meeting:	Audit and Governance Committee
Meeting date:	28/02/2024
Report of:	Director of Governance
Portfolio of:	Cllr Douglas Leader, responsible for Strategy, Policy, and Partnerships

Audit and Governance Committee Report: Corporate Governance Performance Report

Subject of Report

1. This report provides Members with updates in respect of:
 - Responses and updates to queries and questions from Committee in November 2023
 - Corporate Governance Team (CGT) performance indicators update
 - Information Commissioners Office update
 - Ombudsmen update including
 - Local Government and Social Care Ombudsman (LGSCO) and Housing Ombudsman Service (HOS) cases from the previous report in November 2023 to date of preparing this report on 13 February 2024
 - Update on LGSCO and HOS complaint handling codes

Policy Basis

2. Having appropriate processes and procedures in place to ensure the council
 - investigates and responds to complaints (corporate, adults social care and children's social care), comments, compliments and concerns, and Ombudsmen cases
 - manages and monitors valid and in time responses to all FOI and EIR requests and other requests for information or information disclosure

- provides support, advice and guidance for data protection and privacy compliance
 - provides assurance to customers, employees, contractors, partners, and other stakeholders that all information, including confidential and personal information, is dealt with in accordance with legislation and regulations and its confidentiality, integrity and availability is appropriately protected.
3. Compliance is aligned to the current and draft Council Plan which is part of the council's corporate code of governance. This also then aligns with the 10-year Plan (York 2032) such as performance management and service planning.

Recommendation and Reasons

4. Members are asked:

- i) To note the details contained in this report.
- ii) To provide any comments or feedback from this report.

Reason: So that Members are provided with details and current performance from the Corporate Governance Team.

Background

5. Corporate Governance Performance Indicators Update

- 5.1 The full performance indicators are available on York Open Data at <https://data.yorkopendata.org/group/transparency>
- 5.2 Please see the performance report for Quarter 3 – 1 October to 31 December 2023 at Annex 1.
- 5.3 You will note that the performance report has been changed from how these are usually presented. These changes have been from comments and feedback and due to the current ongoing configuration and build of performance reports, following the implementation of a change to the case management system.
- 5.4 This work is taking longer than anticipated due to increased demands in the CGT due to staffing resource and capacity.

- 5.5 However I can confirm the performance data reported to this Committee and published for FOI/EIR when this work is completed, will show the full year data and the comparison data for previous years. It will meet the legislative requirements set out in part 8.5 of the [section 45 code of practice](#) as well as the additional ICO guidance [How to report on your performance on handling requests for information under FOIA 2000 | ICO](#) such as the number of requests subject to FOIA or EIR, the time period that the data is split into and performance against statutory timescales for FOI/EIR.
- 5.6 There has been an improvement in both the number of FOI/EIR and data protection subject access to records (SAR) requests responded to within the statutory timescale this quarter.
- 5.7 There has been an increase in this quarter of the number of complaints received and dealt with under both the adult and children's social care services legislation
- The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009
 - The Children Act 1989 Representations Procedure (England) Regulations 2006
- 5.8 This is likely to be from the increased demand on these services and the restrictions the current budget and financial circumstances are placing on these services. However there has been improvements in number of complaints responded to in time in these areas in previous quarters and we will be able to show in future reports the full year data with previous years data for comparison.

6. ICO enforcement notice for overdue FOI and EIR responses

- 6.1 The ICO issued the council with an enforcement notice on 14 September 2023 about FOI/EIR requests that had not received a valid response between 1 April 2021 and 1 August 2023. A copy of the enforcement notice can be found at [20221003 EN template \(ico.org.uk\)](#)
- 6.2 The enforcement notice required the council to:
- publish an improvement plan within 35 calendar days
 - issue valid responses to the backlog of FOIs and EIRs within 6 months

- 6.3 The consequence of failing to comply with an ICO enforcement notice is that the ICO may make written certification of this fact to the High Court pursuant to section 54 of FOI. Upon consideration and inquiry by the High Court, the Council may be dealt with as if it had committed a contempt of court.
- 6.4 We have fully complied with the requirements set out in the enforcement notice. However, whilst the ICO group manager has acknowledged that we have complied fully with the requirements, they will not update the details on their website etc until the end of the 6-month period (13 March 2024)
- 6.5 The progress of our improvement plan is published on the council website at [Information Commissioner's Office \(ICO\) enforcement notice and improvement plan – City of York Council](#)
- 6.6 There has been no published ICO decision notices about the council's handling and responding to FOI/EIRs on their website.

7. Ombudsmen update

- 7.1 There were no HOS cases and six LGSCO decisions since the last report to Committee in November 2023 to date this report was prepared. Details of all the decisions including recommendations, remedies and actions are shown at Annex 2.
- 7.2 Of the six cases determined by the LGSCO, the decisions were:
- 2 were closed after initial enquiries with no further action
 - 1 was closed as out of the jurisdiction of the LGSCO
 - 1 was not upheld and no further action
 - 2 were upheld with fault and injustice
- 7.3 The CGT undertakes ongoing work with CMT, Directorate Management Teams as well as with individual service areas to ensure that we share learning opportunities across the council and to identify areas for improvement from Ombudsmen cases.

8. Complaint handling codes

- 8.1 Following on from previous reports providing details of the HOS introduction of their Complaint Handling Code in July 2020 [Complaint Handling Code - Housing Ombudsman \(housing-](#)

[ombudsman.org.uk](https://www.ombudsman.org.uk)) and the annual assessment we now conduct and publish at [Housing Ombudsman Service - Complaint handling Code - Self Assessment form \(york.gov.uk\)](https://www.york.gov.uk) the LGSCO have now launched their Complaint Handling Code in February 2024 [Complaint Handling Code - Local Government and Social Care Ombudsman](https://www.york.gov.uk)

- 8.2 The Code does not replace any existing statutory complaint processes such as The Children Act 1989 Representations Procedure (England) Regulations 2006 or Local Authority Social Services and National Health Service Complaints (England) Regulations 2009.
- 8.3 The LGSCO are encouraging councils to adopt it as soon as they can and will start to consider it as part of their processes from April 2026 at the earliest. This is to give councils the opportunity to adopt the Code successfully into working practices and to allow the LGSCO to work with a number of pilot councils to understand the impact of the Code and provide further guidance to all local councils.
- 8.4 We have been working on the possible implications and impacts from the launching of this Code including taking part in various network group discussions with the Ombudsman, completing the consultation and will now continue this work to ensure we adopt the code into our complaints handling policies and procedures as soon as possible and will provide updates to this Committee in future reports. This includes
- Review and update the corporate complaints policy and procedures to ensure it reflects the Code
 - The timescales to respond to complaints through the corporate complaints' procedures
 - The impact on the timescales for resources and capacity across the council
 - The impact on performance in responding to complaints across the council
 - Reviewing the data protection impact assessment
 - Completing a new equalities impact assessment for the new requirements from the Code
 - Developing and implementing a communications plan ensuring where required, any identified improvements to accessibility
- 8.5 If we do not ensure the Code and standards are adopted into our complaints handling, the LGCSO may make a finding of maladministration against us

Consultation Analysis

9. No consultation was undertaken for this report. However, feedback from reports to CMT, meetings and discussions with managers informs this report.
10. Where required, internal and/or external consultation will be conducted to progress the work and actions required to comply with the improvement plan in response to the ICO enforcement notice.

Risks and Mitigations

11. The council has a duty to comply with the various aspects of complaints, data protection, privacy, and information governance related legislation. Failing to comply with these can result in Regulators / Ombudsmen taking actions against the council such as reprimands, enforcement action, monetary fines, financial remedies for individuals. Often these decisions and actions are published on the Regulator or Ombudsman websites, and they can often do press statements. This can lead to reputational damage, reduce the council's overall effectiveness as well as a loss of trust in the council.
12. In some circumstances individual members of staff may be at risk of committing criminal offences for example if they knowingly or recklessly breach data protection legislation and compliance requirements or deliberately destroy, alter, or conceal a record after it has been requested, etc
13. As there is no personal data, special categories of personal data or criminal offence data being processed for this performance report, there is no requirement to complete a data protection impact assessment (DPIA) which has been evidenced by completion of DPIA screening questions. DPIAs are an essential part of our accountability obligations and is a legal requirement for any type of processing under UK GDPR. Failure to conduct a DPIA when required may leave the council open to enforcement action, including monetary penalties or fines.

Contact details

14. For further information please contact the authors of this Report.

Author

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Telephone:	01904 554145
Report approved:	Yes
Date:	19/02 /2024

Background papers

No papers but listed below the links to background information shown in the report

<https://data.yorkopendata.org/group/transparency>

[section 45 code of practice](#)

[How to report on your performance on handling requests for information under FOIA 2000 | ICO](#)

[20221003 EN template \(ico.org.uk\)](#)

[Information Commissioner's Office \(ICO\) enforcement notice and improvement plan – City of York Council](#)

[Complaint Handling Code - Housing Ombudsman \(housing-ombudsman.org.uk\)](#)

[Housing Ombudsman Service - Complaint handling Code - Self Assessment form \(york.gov.uk\)](#)

[Complaint Handling Code - Local Government and Social Care Ombudsman](#)

Annexes

- Annex 1 – Performance report
- Annex 2 – Ombudsmen cases

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Performance report

Data	Quarter 1 – April to June 2023	Quarter 2 – July to Sept 2023	Quarter 3 – Oct to Dec 2023	Quarter 4 – Jan to Mar 2024
Total FOI/EIR requests received	375	430	340	
Total FOI/EIR requests closed within statutory timescale	293	340	312	
Total FOI/EIR requests closed outside statutory timescale	82	90	28	
Total % FOI/EIR requests answered within statutory timescale	78%	79%	92%	
Total % FOI/EIR requests answered outside statutory timescale	22%	21%	8%	
Total SAR requests received	38	33	42	
Total SAR requests closed within statutory timescale	23	19	38	
Total SAR requests closed outside statutory timescale	15	14	4	
Total % SAR requests answered within statutory timescale	60%	58%	90%	
Total % SAR requests answered outside statutory timescale	40%	42%	10%	

Performance report

Data	Quarter 1 – April to June 2023	Quarter 2 – July to Sept 2023	Quarter 3 – Oct to Dec 2023	Quarter 4 – Jan to Mar 2024
Other requests for information types received	103	87	76	
Rights of Individuals requests received	8	7	9	
ICO cases received	0	2	0	
Number of comments received	262	202	102	
Number of compliments received	84	55	53	
Number of concerns received	1	0	0	
Number of “corporate” complaints received	480	364	170	
Number of childrens social care complaints received	11	6	8	
Number of adults social care complaints received	11	6	17	
Number of LGSCO cases received	4	4	3	
Number of HOS cases received	1	3	1	

Ombudsmen cases

Omb Ref Which Omb Directorate Service Area Date of final decision	LGSCO Outcome	Summary of Final Decision	Actions (as list with dates for completion)	Date Actions Complete (as corresponding list)
23006207 LGSCO Corporate Services Council Tax 13/10/2023	Closed after initial enquiries – no further action	Complainant confirmed the matter is resolved and closed at their request.	Not applicable	Not applicable
23007897 LGSCO Place Asset & Property Management 10/11/2023	Closed after initial enquiries – no further action	We will not investigate Mr X's complaint about the Council's failure to fulfil its promise to enter into a tenancy agreement with his business. This is because we cannot achieve any worthwhile outcome for Mr X. The courts are better placed to determine if the Council has breached the terms of any formal or informal contract and to decide any losses or remedy for the impact of its actions.	Not applicable	Not applicable

22015072 LGSCO Adult Social Care & Integration Social Care 15/11/2023	Upheld: fault and injustice	There was fault by the Council which failed to address Mr X's complaint about the Deprivation of Liberty Safeguards for his mother Mrs Y. There was also delay in giving feedback on safeguarding enquiries. This caused avoidable distress, frustration and time and trouble. The Council will apologise, make Mr X a symbolic payment and review its procedures for requests for standard authorisations.	a) Review and amend the policy of not completing DOLS standard authorisations while a person is in hospital b) Apologise and make Mr X a symbolic payment of £250 for the avoidable distress and time and trouble.	15/12/23 15/12/23
23006625 LGSCO Place Parking 05/01/2024	Not upheld: no further action	Ms X complained about the Council's decision to refuse to issue her with a physical parking permit for one of its car parks. Ms X also complained about the Council's parking policy. There was no fault in the Council's decision-making	Not applicable	Not applicable
23007320 LGSCO Place Waste 16/01/2024	Upheld: fault and injustice	Mr X complained the Council had failed to collect his household waste on multiple occasions since December 2022. We found fault because of the failed collections and ineffective monitoring to improve the situation. To remedy the injustice caused, the Council has agreed to apologise, make a payment to Mr X and share guidance with relevant officers.	apologise and pay £150 and share omb guidance on effective complaint handling with relevant officers and manager 13/2/20204	

<p>23 014 467 LGSCO Place Planning Enforcement 30/01/2024</p>	<p>Closed after initial enquiries – out of jurisdiction</p>	<p>We cannot investigate this complaint about the Council’s decision not to take enforcement action in relation to a planning condition attached to a development in Mr X’s locale. This is because Mr X is complaining as a councillor and not a member of the public, so the complaint falls outside our jurisdiction.</p>	<p>Not applicable</p>	<p>Not applicable</p>
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Meeting:	Audit and Governance Committee
Meeting date:	29/02/2024
Report of:	Tracey Carter - Director Housing Economy & Regeneration
Portfolio of:	Michael Pavlovic - Executive Member Housing Strategic Planning

Early Intervention and Prevention of Roughsleeping - contract review

Subject of Report

1. The November meeting of the Health, Housing & Adult Social Care Scrutiny Committee (HHASCSC) received an Update Report on Homelessness / Resettlement Services 2023 including winter provision, commissioning issues and strategy update. The Chair of the HHASCSC subsequently requested that a review of the handling of the contract for Early Intervention and Prevention (EIP) be brought to Audit and Governance Committee. This report reviews the scope, establishment operation and end of the contract for Early Intervention and Prevention.

Background

2. In 2018 the council tendered for services to identify and prevent rough sleeping. These services had previously been externally procured. An item was added to the Executive forward plan in 2017 to decide whether to externally reprocure or deliver services in house. This was subsequently withdrawn from the forward plan without challenge when the Corporate Director of Health, Housing and Adult Social Care made the decision to reprocure externally. An officer decision to award the contract to the Salvation Army was made on 10th April 2018 again by the then Corporate Director of Health, Housing and Adult Social Care.
3. The contract details are set out below

Contract Title:	Early Intervention and Prevention Service single homeless
Contract Reference Number (If applicable):	DN317319
Contract Start Date:	01-08-2018
Contract End Date:	31-03-2023
Contract Duration:	4 years 7 months
Scope Extensions	2018 financial Waiver agreed to increase scope of works to add 3 staff to contract using Rough Sleeping Initiative grant 2019 and 2020 additional RSI services extended for a further year again using RSI grant
Time Extension	Duration of contract extended by 6 months on a waiver from 31 st March 23 to 30 th September 2023 to allow for completion of review of resettlement pathway
Total Contract Value: (this means the value of the contract for the entire duration plus any extensions)	Initial contract £93,277 p.a. over 5-year period £466,385 (2018-23) 2018 increased scope for 1 year by £ 50,250pa 2019 increased scope by one year £ 56,000 pa 2020 increased scope by one year £56,000 all using RSI grant Extension via waiver 1 st April 23-30 th sept 23. <u>£46,638.50</u> Total contract value: £ 675,273
Supplier Name:	Salvation Army

4. These services were initially funded from General Fund council budgets.
5. In April 2017 the Homelessness Reduction Act was passed which set out new duties on English local authorities with the aim of preventing homelessness and extending the duties the authority had. This was accompanied by a commitment from Government to fund the new duties under the New Burdens Doctrine. This led to the announcement of £61 million nationally in additional funding to meet new duties in the Act.

6. It was acknowledged at that time that councils needed time to prepare for the new duties including recruiting and training new staff, implementing new procedures and IT systems and reviewing existing service delivery. The decision to retender the EIP contract was therefore made at a time when service provision was evolving fast and different approaches to prevention were being designed.

Contract Scope

7. The 2018 EIP contract was a response to high levels of rough sleeping in the City. At that point the official rough sleeper count reached 29. It provided for a minimum of one street walk per week and drop-in sessions for rough sleepers. The contract intention was to find and engage with rough sleepers, encouraging them in to services, in the main these were hostels run by the Council and Changing Lives, where they would receive support and take part in resettlement work. The contract did not provide accommodation but was intended to encourage the increasing number of rough sleepers in to the existing accommodation.
8. In parallel with this, the council was evolving its' broader resettlement work to respond more comprehensively to the Homelessness Reduction Act duties. The council was an early pilot for new ways of responding to homelessness and evolved the Navigator service using new funding from the government Rough Sleeper Initiative (RSI) grant. The Navigator model created a dedicated CYC team to undertake more intensive personalised interventions with rough sleepers and those at risk of homelessness, and interfaced directly into our services for Housing First, mental health support and substance misuse. The model was agreed and funded by RSI grant through Department for Levelling Up, Housing & Communities (DLUHC).
9. RSI grant was used in both 2018, 2019 and 2020 to increase the service delivery of the EIP contract operated by the Salvation Army (2018 waiver for £50,250pa and 2019 and 2020 waivers for £56,000 each year) but as the new services bedded in and evolved, it was the Navigator model that delivered long term resettlement results and was successful in attracting further government funding.

10. In 2022 a joint bid between CYC and the Salvation Army to continue RSI funded additions to the EIP contract was turned down by(DLUHC) as the preferred approach was that of the Navigators rather than the light touch engagement model. At the same time additional RSI grant was provided to CYC to expand the Navigator service. In response to the cut in grant, the EIP activities were scaled back down to the original scope for the remainder of the contract.
11. In 2021/2 the joint commissioning team in Adult Social care led a review of the whole pathway for the resettlement of homeless people. This included both the rough sleeper early intervention and the provision of residential placements and wrap around support. The review was interrupted by the departure of the review leader (and other competing service priorities on both Housing and Adult Social Care.) In August 2022 it was decided by the Director of Adult Social Care that all existing resettlement contracts would be extended to allow the review to conclude. In February 2023 the then Exec Member for Housing and Community Safety requested that officers seek a waiver to extend the EIP contract by 6 months to September 2023 in line with the resettlement contracts. To date the resettlement contracts commissioned by Adult Social Care have been further extended to July 2024 while the review continues. There was provision within these contracts to extend but, again, this flexibility is now exhausted and there can be no further extensions on those contracts. A report is due at Executive in May 2024 to consider this.

Contract End

12. As the end date for the extended EIP contract with the Salvation Army approached, officers advised the Executive Member for Housing and Strategic Planning of the forthcoming natural end of the contract and provided legal and procurement advice to outline the fact that any further extension to the contract would be in contravention of financial regulations and would be in breach of the Public Contract Regulations 2015 (procurement law).
13. The original end date of the Contract was 30th March 2023 but the then Executive Member for Housing Cllr Craghill was unwilling to let the contract end whilst other resettlement contracts were

extended. A 6-month waiver was sought and the contract was extended to September 2023.

14. As the extended contract end date approached, the new Executive Member for Housing and Strategic Planning Cllr Pavlovic was informed of the situation and given legal and procurement advice that the contract could not be extended any further and that ideally the council needed to give the Salvation Army clear notice of the end of the contract to allow them to make plans regarding staff contracts. Officers also provided advice that the services commissioned under this contract were no longer needed due to the evolution of the alternative Navigator model operated by CYC staff.

15. The limited time frame of the contract had been clear since its inception and senior Salvation Army staff were advised that there was no further room for extension, in a series of regular contract management meetings. However, clear management of expectations became very difficult as the Executive Member was unhappy for the contract to end. He subsequently identified a prejudicial interest and recused himself from decision making. The matter was passed to the Leader of the Council and the Executive Member for Finance and Performance and in mid-September it was formally confirmed to the Salvation Army that no further contract extension was forthcoming and that the contract would come to its natural end. To reflect the late confirmation of this, a one-month extension was offered, to allow for any necessary consultation with staff. The communication of the potential extension was subject to technical difficulties in that the Salvation Army did not receive the email containing document and associated information due to a major IT outage. The Head of Housing liaised with SA staff and a copy was provided in the same week. The Salvation Army declined the month's extension as they felt they did not have time to process the legal paperwork in the time available. That withstanding the dispute clauses continued after the end of the contract so any TUPE liabilities would still remain. Following discussion with SA they confirmed that they did not wish to consider TUPE and they decided to retain staff and continue their work as part of their charitable mission.

16. The Director of Place then established a regular series of strategic relationship management meetings with the Salvation Army

Assistant Territorial Director of Services for Homelessness in the north to establish productive and complimentary future relationships with the important mission of the Salvation Army as a non-contracted charity.

17. The Salvation Army have continued to undertake their street walks in the city and so far, no additional referrals into service have been made as a result of this work as the Navigator service were already in ongoing contact with all identified rough sleepers to bring them into the resettlement programme. The strategy for the Salvation Army going forward is to move away from street walks and conversations are ongoing as to how the Salvation Army can add greater value to a revised resettlement pathway as a new homelessness strategy is developed. The Head of Housing Management met locally with Salvation Army on 12th February 2024 to discuss how those local arrangement could be developed.

Finance and Procurement

18. As noted above, no further extensions could have been given or offered to the Salvation Army as there were no provisions within the existing contract, or waiver to do so. The value of the contract collectively (which includes historic waivers and most recent waiver) had taken the council above the threshold within the Public Contract Regulations 2015 (Procurement Law) meaning a breach by the council had been made. Therefore, to comply with the legislation and to minimise risk of challenge, had the contract/services provided by Salvation Army still been required, a competitive exercise must have been followed to achieve value for money and evidence the best quality service for the customers. The council must conduct all procurement and purchasing activities in an open, transparent and fair process to evidence the basic principles of procurement.

Resettlement review

19. The review was led by the Director of Adult Social Care and undertaken in the commissioning team in Adult Social Care. The Head of Housing Management worked with the team to review the resettlement pathway, consider what was working and what was not and incorporate the voice of those with lived experience into

the design of future service delivery and subsequent commissioning specifications.

20. The consultation and engagement phase of the review concluded the following,
 - a) the existing pathway needed to be remodelled to reflect the duties of the Homelessness Reduction Act and to deliver improved outcomes
 - b) The voice of the service user needed to be incorporated into future service design
21. However this was not turned into a revised strategy or a commissioning approach and specification due to the departure of the review project manager and then the Director of Adult Social Care.
22. Work has now recommenced to agree a homelessness and rough sleeping strategy and a resettlement pathway incorporating the input from all associated Directorates (Adult Services, Children's Services, Place and Public Health). This work is being led by the Corporate Director of Place.
23. A report setting out the recommendations from this multidisciplinary group will be brought to March Executive

Contracting with Charities

24. When a public body enters into commercial contracts with voluntary or charitable organisations it is important to draw clear distinctions between the services that are being procured and other services provided by that organisation as part of their charitable mission. The Salvation Army have for many years operated their charitable outreach mission in the city and have stated their intention to continue with this work even though the EIP contract has reached its end.
25. The relationship with the contracting body needs to be a professional one which is operated under the terms of the contract and is subject to the governance and provisions of the contract and be operated in line with Public Contract Regulations 2015) procurement law and the council's financial regulations and constitution.

26. The council's financial regulations and constitution set out a clear division between the roles of members and officers in defining and contracting for goods and services. Members are responsible for agreeing the scope of works and services but are generally advised against involvement in day-to-day operation of contracts, instead receiving updates on the progress and outcomes of contracted work and receiving legal and procurement advice to oversee the effective management of contracts. There is a particular peril in elected members becoming entangled in contractual arrangements or individual cases. This can become complicated and unclear where there is a legitimate relationship with the charitable arm of these organisations.
27. The November 2023 Housing and Community Safety Scrutiny meeting invited the Salvation Army staff that had a direct pecuniary interest in the Salvation Army and CYC contract to comment upon the contract management arrangements for that contract and the Director of Place had to on a number of occasions draw to the Scrutiny Committees attention the issues detailed above about the separation of contractual work and Charitable work and that Scrutiny was not an appropriate place to undertake public speculation about expired contracts with former contractors operational staff.
28. Both the Salvation Army senior officer and CYC acknowledged that the end of the contract was not managed well (see paras) however the strategic relationship was strong and future collaboration was both parties' current intention. The conduct of this scrutiny session was at the very least highly irregular and if Councillors wish to consider how charitable contracts are managed, procured or terminated the Audit and Governance have the ability to instigate a professional audit / review of any contractual arrangement with which they have concerns. It is also worth noting that the Salvation army have confirmed that there have also been a series of press statements made by relatively junior staff from the Salvation Army that did not have the agreement of senior managers and they have confirmed that they will address this issue.

Contract Management

29. During the duration of the contract, regular liaison and contract management meetings took place, initially between the Head of

Housing Options and the service lead in the city. These meetings were escalated to the council's Head of Housing Management and the Regional Manager with the Assistant Director of the Salvation Army involved in these occasionally. The performance of the contract had become. Ways of managing the ongoing relationship were agreed and the impact on the service at an operational level was largely contained.

Financial Implications

30. The review of the resettlement pathway identified that the service delivered under this contract were no longer effective in reducing the cycle of rough sleeping and had been superseded by the new Navigator model. The Service offered up the full contract value (£98k pa) as a saving for 2024/5 and this was agreed by Executive as part of the 24/5 budget.

Contact details

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Date:	20/02/2024

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Date:	20/02/2024

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**Audit and Governance Committee**

28 February 2024

Report of the Head of Internal Audit

Internal Audit Work Programme Consultation 2024/25

Summary

- 1 This report outlines arrangements for developing the internal audit work programme. It also asks for the Audit & Governance Committee's views on any areas it thinks should be considered for audit in 2024/25.

Recommendations

- 2 The Audit & Governance Committee is asked to provide its views on areas that should be considered a priority for inclusion in the 2024/25 internal audit work programme.

Reason: Internal audit professional standards require that the views of this committee are considered when developing the internal audit work programme.

Background

- 3 Internal audit provides independent and objective assurance and advice on the council's operations. It helps the council to achieve its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 4 The Public Sector Internal Audit Standards (PSIAS), and the council's audit charter, require internal audit to draw up an indicative programme of work based on an assessment of risk.
- 5 The standards require internal audit to independently form a view on the risks facing the council. However, they also require the opinions of the Audit & Governance Committee, and those of senior council officers, to be taken into account when forming that view.

- 6 A specific public sector requirement for internal audit is that the risk-based plan (or programme) must take into account the need to deliver an annual internal audit opinion.
- 7 Internal audit work programmes cover a range of risk areas to ensure that the work undertaken enables Veritau to meet the requirement to provide an overall opinion on the governance, risk management, and control framework operating in the council.
- 8 The consultation report included at Annex 1 contains information on our approach to developing the work programme, and background on our internal audit opinion framework.
- 9 Consultation with senior council officers on proposed 2024/25 internal audit work will be undertaken over the next two months. A draft internal audit work programme will then be brought to this committee in May 2024 for its approval.

Consultation

- 10 Not relevant for the purpose of the report. This report represents the first stage of consultation on the development of the 2024/25 internal audit work programme.

Options

- 11 Not relevant for the purpose of the report.

Analysis

- 12 Not relevant for the purpose of the report.

Council Plan

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

Implications

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

- **Finance**
- **Human Resources (HR)**

- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

Risk Management

15 The requirements of the PSIAS would not be met if the Audit & Governance Committee's views were not sought in the development of the internal audit programme. This could result in external scrutiny and challenge.

Contact Details

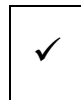
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Bryn Roberts
Director of Governance
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**Report
Approved**



Date 16/02/2024

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers: None

Annexes

Annex 1 – Internal Audit Work Programme Consultation Report 2024/25

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Internal Audit Work Programme Consultation 2024/25

Date: 28 February 2024

Appendix 1

CONTENTS

- 3** Introduction
- 4** Approach: The Opinion Framework
- 7** Key assurance areas
- 12** Questions for the committee to consider
- 13** Next steps

Introduction



- 1 The Public Sector Internal Audit Standards (PSIAS), and the council's audit charter, require internal audit to draw up an indicative programme of work based on an assessment of risk. The standards require internal audit to independently form a view on the risks facing the council. However, they also require the opinions of the Audit and Governance Committee and senior council officers to be considered when forming that view.
- 2 A specific public sector requirement for internal audit is that the risk-based programme must take into account the requirement to produce an annual internal audit opinion. Internal audit work programmes cover a range of risk areas to ensure that the work undertaken enables Veritau to provide an overall opinion on the framework of governance, risk management, and control operating at the council.
- 3 This report provides information on Veritau's approach to planning audit work. It also asks for the committee's views on areas it considers a priority for internal audit in 2024/25. This is the first stage in consultation on the annual programme of work. A full draft programme is expected to be brought to the committee in May 2024.



Approach: The Opinion Framework



Background

- 4 In addition to the requirements referred to above, the PSIAS also expect that the risk-based programme of work is linked to, and contributes to:
- the management of strategic risks, and
 - the achievement of organisational objectives and priorities.
- 5 The annual opinion is the most important output from internal audit and a key source of objective assurance that the council's leadership team and councillors can use to inform the annual governance statement. The opinion must therefore be well founded if it is to give proper assurance to the council.

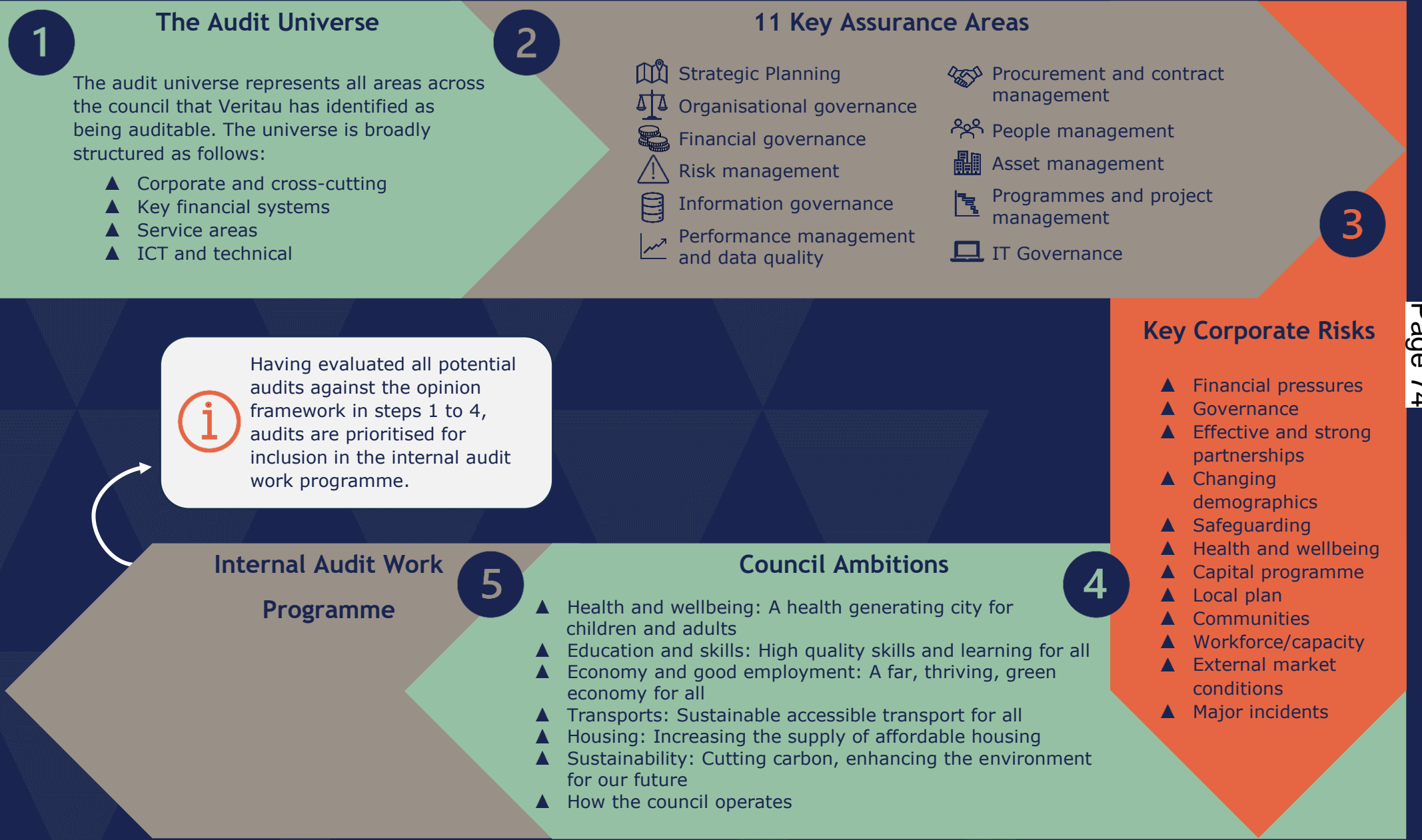
The opinion framework

- 6 Veritau has established an opinion framework. This reflects the requirements of the PSIAS and the council's internal audit charter, to enable us to deliver an annual opinion.
- 7 The opinion framework sets out the principles that will be used to develop and manage the audit work programme. It ensures that assurance coverage is targeted towards priority areas to allow us to develop a properly informed annual opinion. We continuously revisit priorities during the year so that the work programme remains up to date.
- 8 The opinion framework is comprised of three main parts. The main component is a definition of several key assurance areas. These represent areas of internal control that we think are essential to the proper functioning of the council. Systems and controls in each area need to be operating effectively to maximise the likelihood that the council's objectives are achieved without undue exposure to risk.
- 9 The 11 areas we have identified make the most significant contribution to achievement of organisational objectives or give rise to the greatest risks. They are based on our internal audit experience in local government and good practice guidance. The 11 areas cover both corporate arrangements, and management of risks and controls in individual service areas that collectively contribute to the council's wider objectives.
- 10 Overlaid on the key assurance areas are two further components of the framework:
- Organisational risks
 - Organisational objectives
- 11 The risks that are most important for audit planning are those set out in the council's Key Corporate Risk (KCR) Register. These are the risks

included in quarterly monitoring reports presented to the committee by the Chief Finance Officer.

- 12 There are many other risks associated with the wide range of services the council delivers. Where appropriate, service risks are considered as part of individual audit assignments. However, the risks on the KCR register are those considered most significant to the achievement of the council's objectives and therefore are the main focus for internal audit planning. There are currently 12 risks on the KCR register.
- 13 The council's organisational objectives are expressed in its 2023-27 Council Plan as priorities. There are seven priorities covering health and wellbeing, education and skills, economy and employment, transport, housing, sustainability, and how the council operates. These priorities are expected to create the conditions to make the city of York a healthier, fairer, more affordable, more sustainable and more accessible place, where everyone feels valued.
- 14 The council's strategic ambitions, and the mechanisms by which they are delivered, are a key consideration when identifying and prioritising engagements for inclusion in the internal audit work programme.
- 15 The internal audit work programme will be developed by looking to have appropriate coverage across all 11 of the key assurance areas. In deciding what work is a priority in each area, we also consider which audits will also provide coverage of strategic risks and corporate ambitions and priorities.
- 16 The process followed in using the opinion framework to determine audit priorities, and so to develop the internal audit work programme, is illustrated on the following page.

THE OPINION FRAMEWORK



Key assurance areas



Key assurance areas: an overview and examples

- 17 Details of the 11 key assurance areas are set out below. We have provided definitions, and some examples of arrangements, systems, and processes we could audit within each area. The examples are for illustrative purposes and are not exhaustive. Some audits we will consider for inclusion in the work programme are also likely to cut across a number of the key assurance areas.

Strategic planning

- 18 Strategic planning covers the arrangements the council has to define and develops its strategy, or direction, and make decisions on resource allocation to successfully pursue this strategy. It also encompasses the control measures in place to guide strategy implementation. The council's strategy and policy framework is comprised of three core interdependent 10-year strategies (relating to the local economy, health and wellbeing, and climate change), supporting strategies, the Council Plan, and other key plans and policies which give effect to the strategies.
- 19 This area is of importance to internal audit as effective strategic planning is a prerequisite for delivering long term, sustainable success.

Examples

▲ Social care delivery and commissioning	▲ Organisational development
▲ Housing development	▲ Strategy action planning and delivery

Organisational governance

- 20 Governance is the combination of processes and structures implemented to inform, direct, manage and monitor the activities of the council toward the achievement of its objectives. At its most visible, governance involves the set of policies put in place for the direction and control of the organisation and the establishment of rules and procedures for making decisions and for complying with relevant legislation and regulations. Governance also encompasses business ethics, leadership, strategic management, and control activities. In a local authority context, the principles of effective governance are set out in CIPFA / Solace's 2016 Delivering Good Governance in Local Government: Framework.
- 21 Internal audit is expected to assess and make appropriate recommendations to improve the council's governance processes. It is also expected to evaluate risk exposures relating to compliance with laws, regulations, policies, procedures and contracts.

Examples

▲ Adherence to Constitution	▲ Declarations of interests & gifts and hospitality
▲ Policy framework	▲ Democratic governance

Financial governance

- 22 Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should "... *make arrangements for the proper administration of their financial affairs...*". Financial governance involves arrangements for giving a reliable account of the money spent and income received, stewardship of public resources, compliance with legal and regulatory requirements, ensuring value for money, supporting effective decision-making, and facilitating planning and resource allocation.
- 23 The PSIAS require that internal audit evaluates the adequacy and effectiveness of controls relating to the reliability and integrity of financial information.

Examples

▲ Income collection & debt management	▲ General ledger / accounting records
▲ Treasury management	▲ Ordering and creditor payments

Risk management

- 24 Risk management encompasses the council's arrangements for identifying, assessing, managing, and controlling potential events or situations to provide reasonable assurance that its objectives will be achieved. It involves being aware of risk exposures, selecting appropriate risk responses that align risks with the council's risk appetite, and communicating relevant information in a timely manner across the organisation.
- 25 As the council's internal audit provider, the PSIAS expect that we evaluate the effectiveness of risk management processes and contribute to their improvement.

Examples

▲ Risk management processes	▲ Health and safety
▲ Insurance	▲ Disaster recovery

Information governance

- 26 Information governance is the set of multi-disciplinary structures, policies, procedures, processes, and controls implemented to manage information

across the council. These governance arrangements should support the council's immediate and future regulatory, legal, risk, environmental and operational requirements.

- 27 Given its links to information asset security, compliance risk, and the importance of data in driving and informing the council's decisions and operations, it is an important area for internal audit coverage.

Examples

- | | |
|--------------------------|----------------------------------|
| ▲ UK GDPR compliance | ▲ Records management |
| ▲ Data breach management | ▲ Rights of individuals requests |

Performance management and data quality

- 28 Performance management refers to the systematic process by which the council plans, monitors, and improves the delivery of the services it provides to the public. The starting point for performance management is the council's strategic ambitions which then filter down the organisation to directorate, service, team and individual levels. The council's performance management framework aims to join up delivery at all levels by setting clear, achievable targets which can be accurately monitored and reported, with corrective action being taken promptly and appropriately.

Examples

- | | |
|--------------------------------|-----------------------|
| ▲ Performance framework | ▲ Data quality |
| ▲ Action planning and delivery | ▲ Follow-up processes |

Procurement and contract management

- 29 Effective procurement is vital for any local authority to ensure that it maximises value for money in its service delivery. Every procurement process undertaken by the council needs to comply with the provisions of its Constitution (including the Contract Procedure Rules) and the objectives set out in its Procurement Strategy. Public sector procurement also needs to comply with the Public Contracts Regulations and with any changes introduced by the new Procurement Act 2023.
- 30 Once a procurement exercise is completed and the contract begins, it is essential that it is monitored regularly to ensure compliance with terms and conditions, to manage delivery risk, and to assess performance.

Examples

- | | |
|------------------------------------|--|
| ▲ Individual procurement exercises | ▲ Contract management |
| ▲ Compliance with the CPRs | ▲ Category management and forward planning |

People management

- 31 This area covers all aspects of the management of human resources across the council. For example, recruitment and selection, remuneration, attendance management, training and talent development, individual performance management, equal opportunities, welfare and industrial relations, working arrangements, and discipline.
- 32 The council's people are essential to the achievement of its objectives, and there are a wide range of potentially significant risks in this area.

Examples

▲ Training	▲ Performance management
▲ Equalities, diversity, and inclusion	▲ Agency staff and recruitment

Asset management

- 33 Asset management involves the proper management, safeguarding and recording of assets. It seeks to align the asset base with the council's corporate ambitions and objectives. Key areas for effective asset management include strategic planning, maintenance of accurate records, an understanding of the physical location of assets, allocated responsibility for assets, and periodic and systematic physical verification of the existence, condition, and performance of assets.
- 34 Ensuring the safeguarding of assets is one of five key risk areas that the PSIAS require internal audit to evaluate when providing assurance on the adequacy and effectiveness of the council's risk management arrangements.

Examples

▲ Verification of assets	▲ Asset repair and maintenance
▲ Commercial property strategy	▲ Acquisition, transfer, and disposal

Programme and project management

- 35 Programmes are a collection of related projects managed in a coordinated way. This can bring benefits and control over and above what is achievable from managing projects individually. Projects are discrete, clearly defined, shorter-term engagements, involving the application of processes, methodologies, and specific/cross-functional skills and methodologies to achieve specific and measurable outcomes.
- 36 Effective project management is important for the council to ensure resources are used efficiently and to achieve value for money. Particularly for large and high-profile projects that bring about significant change. Internal audit is expected to evaluate risk exposures relating to the effectiveness and efficiency of council programmes and projects.

Examples

▲ Project management framework review / compliance	▲ Individual review of projects
▲ Project assurance arrangements	▲ Project governance and risk management

IT governance

- 37 Information technology (IT) governance is a sub-discipline of organisational governance. It relates to leadership, organisational structures, policies, and processes that ensure that information technology supports council strategies and objectives. IT governance should also support the management and oversight of the council's business as usual activities.
- 38 The PSIAS require internal audit to assess whether information technology governance supports the council's strategies and objectives.

Examples

▲ Cybersecurity	▲ IT asset management
▲ Access controls	▲ IT systems development

- 39 Details of the 11 key assurance areas are set out below. We have provided a definition of the areas as well as some examples of areas we could audit within each assurance area. The example audits are for illustrative purposes and are not exhaustive. Some audits we will consider are likely to cut across a number of the key assurance areas.

Questions for the committee to consider



- 40 As part of our preparations for the audit work programme for 2024/25, the committee is invited to express a view on any areas it feels should be considered a priority for internal audit work. In considering this, relevant questions may include the following:
- ▲ For any of the council's strategic risks, are there any which the committee would like internal audit to look at, to provide additional assurance about arrangements for the management of the risk?
 - ▲ What are the biggest threats to the achievement of the council's priorities?
 - ▲ Are there any of the 11 key assurance areas where the committee feels internal audit should pay particular attention, to provide it additional comfort that arrangements are operating effectively?
 - ▲ Are there any specific elements within the 11 key assurance areas that the committee would like internal audit to look at during 2024/25?
 - ▲ Irrespective of the assurance areas, risks and council priorities, does the committee have any specific suggestions for internal audit assignments we should consider in 2024/25?

Next steps



- 41 Following consultation with the committee we will hold further discussions with officers to understand their view of priorities for internal audit work over the next year. These meetings will take place during February and March 2024.
- 42 Alongside this we will continue to keep abreast of emerging issues relevant to the public sector as well as any specific sectoral risks or developments including any relevant changes to legislation. We will also continue to review committee papers and other relevant background information to ensure we have an up-to-date picture of the challenges and issues facing the council.
- 43 Information collected will be used to develop the indicative long list of audits to be included in the 2024/25 internal audit work programme. This will be brought to the committee for approval in April or May 2024.
- 44 Our risk assessment and the programme of work will continue to be updated and revisited throughout the year to ensure audit work continues to target priority areas.

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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
28th February 2024			
Governance	Update on the Review of the Constitution	<u>CYC</u> <u>Bryn Roberts</u>	To provide Members with an update on the review of the constitution.
Governance	Corporate Governance Report	<u>CYC</u> <u>Lorraine Lunt</u>	To provide Members with an update on corporate governance including issues.
Finance	No Purchase Order No Pay Process	<u>CYC</u> <u>Debbie Mitchell</u>	
Finance	Consultation Update	<u>CYC</u> <u>Debbie Mitchell</u>	
Finance / Procurement	Report on the Salvation Army's Early Intervention & Prevention contract	<u>CYC</u> <u>Tracey Carter</u>	
Veritau (internal audit / counter fraud)	Consultation on the annual audit work programme	<u>Veritau</u> <u>Max Thomas / Richard Smith</u>	To seek the committee's view on priorities for audit work in 2024/25.
Veritau (internal audit / counter fraud)	Internal audit & counter fraud progress reports	<u>Veritau</u> <u>Max Thomas / Richard Smith</u>	An update on progress made in delivering the internal audit work plan for 2023/24 and on current counter fraud activity.
22nd May 2024			
Governance	Corporate Governance Report	<u>CYC</u> <u>Lorraine Lunt</u>	To provide Members with an update on corporate governance including issues.
Governance	Updates on Member Training and the LGA recommendations	<u>CYC</u> <u>Bryn Roberts / Claire Foale</u>	To review the Council's performance against the 10 recommendations outlined by the LGA and to report on the progress of Member training

Governance	LGA peer review recommendations	<u>CYC</u> Claire Foale	
Governance	Member induction programme report	<u>CYC</u> Claire Foale / <u>Lindsay Tomlinson</u>	To include feedback from the Joint Standards Committee
Governance	York Open Data platform	<u>CYC</u> Bryn Roberts	
Risk	Key Corporate Risks monitor 4	<u>CYC</u> Helen Malam	Update on Key Corporate Risks (KCRs)
Veritau (internal audit / counter fraud)	Annual review of the counter fraud framework	<u>Veritau</u> Max Thomas / <u>Richard Smith</u>	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.
Veritau (internal audit / counter fraud)	Approval of indicative annual internal audit programme and counter fraud plan	<u>Veritau</u> Max Thomas / <u>Richard Smith</u>	To seek approval for the 2024/25 internal audit work programme, and the counter fraud plan.
Veritau (internal audit / counter fraud)	Annual Head of Internal Audit Report	<u>Veritau</u> Max Thomas / <u>Richard Smith</u>	
July 2024			
Veritau (internal audit / counter fraud)	Audit Committee Self-Assessment	<u>Veritau</u> Max Thomas / <u>Richard Smith</u>	To set out the options for taking the self-assessment forward.
Risk	Key Corporate Risks monitor 1	<u>CYC</u> Helen Malam	Update on Key Corporate Risks (KCRs)
September 2024			
Veritau (internal audit / counter fraud)	Audit Committee Self-Assessment	<u>Veritau</u> Max Thomas / <u>Richard Smith</u>	To share the results of the self-assessment undertaken.



Audit and Governance Committee

28 February 2024

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 2023/24 and on counter fraud activity undertaken so far in the year.

Recommendations

2. The Audit & Governance Committee is asked to note the progress made in delivering the 2023/24 internal audit work programme, and current counter fraud activity.

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

Background

3. 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

4. The 2023/24 internal audit work programme was approved by this committee at its meeting on 15 March 2023.
5. Annex 1 to this report provides an update on progress made against the 2023/24 internal audit work programme. This includes a summary of completed work and work currently in progress.

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

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

Contact Details

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Bryn Roberts
Director of Governance
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**Report
Approved**



Date 16/02/2024

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

- 2023/24 Internal Audit and Counter Fraud Work Programmes

Annexes

Annex 1 – Internal Audit progress report

Annex 2 – Counter Fraud progress report

Exempt annex 3 – LATCO governance: Make It York internal audit report

Exempt annex 4 – Housing rents internal audit report

Exempt annex 5 – Transparency internal audit report

Exempt annex 6 – Residents' parking scheme internal audit report

Exempt annex 7 – Adherence to constitution: decision-making internal audit report

Exempt annex 8 – Treasury management internal audit report

Exempt annex 9 – Schools themed audit: SFVS internal audit report

Exempt annex 10 – Carr Infant School internal audit report

INTERNAL AUDIT PROGRESS REPORT

Date: 28 February 2024

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 March 2023.
- 5 Veritau has adopted a flexible approach to work programme development and delivery. Work to be undertaken during the year is 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 16 February 2024.

INTERNAL AUDIT PROGRESS

- 7 Eight audits have been finalised since the last report to this committee in November. A further six audits are currently at the draft report stage.
- 8 Eighteen 2023/24 audits are currently in progress. Approximately half of these audits are nearing the final stages of fieldwork. We are currently planning a further six audits, that will commence in February and March. These audits will conclude the 2023/24 work programme.
- 9 The results of all audits currently in progress, and those in the planning stage, will be reported to this committee at its July meeting, as part of the Head of Internal Audit annual report.
- 10 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in appendix A. Appendix A also shows the range of other work completed by internal audit during the year.
- 11 Other audits in the work programme which are currently classed as 'do next' or 'do later'¹ are being reviewed as part of the audit planning process

¹ The internal audit work programme includes all potential areas to be considered for audit in the short to medium term, recognising that not all of these will be carried out during the current year (work is deliberately over-programmed).

for 2024/25, alongside new and emerging areas. Those that remain a priority will be included in the 2024/25 work programme.

- 12 The eight audits that have been finalised since the last report to this committee in November 2023 are detailed in appendix B. The appendix summarises the key findings from these audits, and includes actions agreed with officers to address identified control weaknesses. The finalised reports in appendix B are included as exempt annexes to this report.
- 13 Appendix C 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 issues are addressed. As a result of this work we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits. A summary of the current status of follow up activity is included at appendix D.

APPENDIX A: INTERNAL AUDIT WORK IN 2023/24**Audits in progress**

Audit	Status
Adult education (York Learning)	Draft
Business continuity	Draft
Payroll	Draft
Foster carer payments	Draft
Full school audit: Wiggington Primary School	Draft
Full school audit: Elvington CE Primary School	Draft
ICT procurement and contract management	In progress
Section 106 agreements	In progress
Budget management	In progress
Highway maintenance scheme development review	In progress
Agency staff (C&E / ASC&I)	In progress
Asset management (Place directorate)	In progress
Safety Valve (implementation review)	In progress
Health and Safety (Place directorate)	In progress
Adult social care: safeguarding	In progress
Ordering and creditor payments	In progress
Physical information security compliance	In progress
Officer declarations of interests	In progress
Absence management	In progress
Project management	In progress
NHS Data Security and Protection Toolkit	In progress
Member induction programme	In progress
Contract management	In progress
Integrated care partnerships	In progress
Housing benefits	Planning
Special Guardianship Orders and Care Arrangement Orders	Planning
Public protection	Planning
Additional landlord duties	Planning
Continuing healthcare	Planning
Payments to care providers and contract management (Adult Social Care)	Planning

Final reports issued

Audit	Reported to Committee	Opinion
Full school audit: Carr Infant School	February 2024	Reasonable Assurance
Schools themed audit: SFVS	February 2024	Reasonable Assurance
LATCO governance: Make It York	February 2024	No Opinion Given
Housing rents	February 2024	Reasonable Assurance
Transparency	February 2024	Substantial Assurance
Residents' parking scheme	February 2024	Reasonable Assurance
Adherence to constitution: decision-making	February 2024	Reasonable Assurance
Treasury management	February 2024	Substantial assurance
ICT remote access	November 2023	Substantial Assurance
Data breach management	November 2023	Reasonable Assurance
Risk management	November 2023	Reasonable Assurance
Insurance	November 2023	Reasonable Assurance
Climate Change Strategy: governance framework	September 2023	Reasonable Assurance
Public health: procurement and contract management	September 2023	Reasonable Assurance
Jewson managed stores contract	September 2023	Reasonable Assurance
Health and safety	September 2023	Reasonable Assurance
CCTV: Surveillance Camera Code of Practice	September 2023	Reasonable Assurance
Council tax and NNDR	September 2023	Reasonable Assurance
Commercial procurement and compliance	July 2023	Substantial Assurance
Sundry debtors	July 2023	Substantial Assurance
Savings plans	July 2023	Reasonable Assurance
Ordering and creditor payments	July 2023	Substantial Assurance
Main accounting system	July 2023	Substantial Assurance

Other work in 2023/24

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

- Follow up of agreed actions
- Grant certification work:
 - Scambusters
 - UKSPF assurance return support (2022/23)
 - UKSPF mid-year assurance return support (2023/24)

- ESFA 2022/23 academic year subcontracting standard
- Rough Sleeping Accommodation Programme
- Supporting Families
- Pooling of housing capital receipts
- WYCA Transport Fund and Transforming Cities Fund
- LAD3 and HUG1

Consultative engagements:

- UKSPF assurance framework development support
- Review of the council's PDR policy framework and related guidance, training uptake, and appraisal completion rates
- Completion of consultation work on the system for booking of hire cars and the monitoring of their use
- Completion of consultation work to assist the Chief Finance Officer in demonstrating conformance with CIPFA's Financial Management Code

Provision of support and advice:

- Housing benefits – supported housing claims (rent review process)
- Compliance efforts relating to additional payments to care workers, including feedback to the Adult Social Care & Integration DMT
- Administration of adults' direct payments

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

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Full school audit: Carr Infant School (February 2024)	Reasonable Assurance	This audit evaluated the controls in place relating to the school's governance, financial management, people management, building security, information security, and safeguarding.	<p>Systems and controls within the school were generally found to be working. Clear records maintained to support and evidence most key processes.</p> <p>Some control weaknesses were identified during the audit. Return to work interviews are not taking place or being recorded following periods of staff absence. Quotations were not being sought consistently for procurements with an expected value over £5,000 and there was a lack of information to support decisions made to appoint suppliers.</p> <p>Other issues identified included a failure to notify the council of lease agreements in place, no user agreements covering home use of school-owned ICT equipment, desktop PCs being left unsecured when unattended by school staff, and no formal process to review committee terms of reference.</p>	<p>Return to work interviews are now taking place for all absences, with records retained.</p> <p>At the time of the next re-procurement for IT equipment, three written quotes will be sought.</p> <p>Before entering into any new lease agreement, the school will seek council approval and prepare a lease agreement form to record this.</p> <p>The school will set up a user agreement for staff to sign to cover the removal of school-owned IT equipment.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
				<p>All staff will be reminded to lock desktops when leaving them unattended.</p> <p>Committee terms of reference have now been updated.</p>
<p>Schools themed audit: SFVS (February 2024)</p>	<p>Reasonable Assurance</p>	<p>This audit reviewed arrangements across a sample of nine schools for preparing and submitting their annual School Financial Value Standard (SFVS) return.</p>	<p>All schools included in this review had submitted their 2022/23 SFVS returns to the local authority by the specified deadline. In most cases (eight) returns had been authorised by the governing body prior to submission to the Department for Education.</p> <p>Submitted returns were fully completed. Evidence provided by the schools enabled us to confirm that they were generally accurate. The main issue identified was that several schools did not have an up-to-date business continuity plan or could not provide a contract register.</p> <p>Other issues noted included:</p> <ul style="list-style-type: none"> a lack of awareness of the guidance on reporting related party transactions 	<p>School business managers and governors will be reminded of the need for the SFVS return to be reviewed by the full governing body. Schools will be expected to submit, to the council, the minutes from the meeting at which the SFVS return was reviewed and approved.</p> <p>The council will ask schools to share business continuity plans and contract registers in future SFVS returns.</p> <p>A mixture of training, reminders, and</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<ul style="list-style-type: none"> the governing body of one school had not reviewed and approved the SFVS four schools had not undertaken a recent governing body skills assessment. 	<p>submission of evidence to the council were agreed as actions to address the issues relating to skills assessments and related party transactions.</p>
<p>LATCO governance: Make It York (January 2024)</p>	<p>No Opinion Given</p>	<p>The purpose of the work was to review the council's arrangements for overseeing Make It York. The review used relevant good practice on local authority owned companies, issued by CIPFA in May 2022, to evaluate the council's arrangements.</p>	<p>The guidance issued by CIPFA on local authority owned companies sets out the principles councils should consider when deciding whether to set up companies and determining how they should operate. It does not set out specific requirements. Instead, it recognises that each council must determine what is appropriate in individual circumstances.</p> <p>The review found that the council has established suitable governance mechanisms to discharge its shareholder functions at the strategic level (through its Shareholder Committee and representation on the Make It York board) and to oversee Make It York's delivery against the SLA at an operational level (through the work of the council's assigned link officer). A small number of observations were made relating to performance measurement, risk</p>	<p>None. Given the non-prescriptive nature of the CIPFA guidance, the final report instead included four observations in the following areas:</p> <ol style="list-style-type: none"> 1. Make It York business plan 2. Monitoring performance against the SLA 3. Risk management and the annual governance statement 4. Appointments to the company board <p>Management responses were received from the</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			management arrangements, and appointments to the Make It York board.	Monitoring Officer and Deputy S151 Officer.
Housing rents (January 2024)	Reasonable Assurance	This audit was undertaken following the implementation of the new Open Housing system. It focused on controls relating to user access, billing, income receipting, arrears monitoring, and performance management.	<p>The transfer of processes for administering housing rents to the Open Housing system has been largely effective. However, some issues were identified.</p> <p>An amount of £618k was bought forward from the old rents system (SX3). This was the outstanding balance on rent accounts that were rolled forward onto the new Open Housing System. However, no working paper was produced during the audit to confirm that this bought forward figure is correct. At the time of the audit there was an imbalance of £221k between the figure recorded on the general ledger and the figure on Open Housing.</p> <p>There is no active recovery action on rent arrears from former tenants who left their property more than three years ago and where the council has no way of contacting the former tenant. Arrears belonging to tenants matching these criteria were not rolled forward to the Open Housing system, but the arrears had not been formally written off in accordance with the Council's</p>	<p>The £221k amount will be formally written off if it is still present at the end of 2023/24.</p> <p>Weekly checks are being made to confirm that rent account balances on the Open Housing system reconcile with the general ledger. Reports are being developed for the Open Housing system to support reconciliation.</p> <p>New codes will be created on the Open Housing system that will enable officers to manage former tenant arrears cases.</p> <p>Active rent accounts will also be set up on the Open Housing System for former tenants who have repaid outstanding rents.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>Financial Regulations. Some payments are still being received from these former tenant accounts.</p> <p>It is not possible to run a report on the Open Housing system to identify all rent accounts that have had a stop put on the arrears recovery process.</p> <p>Some other less significant issues relating to user access management, applying the annual rent increase, and performance reporting were also identified.</p>	<p>The Open Housing Board receives a regular data quality report and use of the stop code will be added to the data quality report to make sure that users are not using this function.</p>
<p>Transparency (December 2023)</p>	<p>Substantial Assurance</p>	<p>This audit focused on the arrangements the council has in place to achieve and maintain compliance with the Local Government Transparency Code (LGTC) and the ICO's Model Publication Scheme requirements. It also evaluated controls relating to the management of Re-</p>	<p>The council publishes and maintains information in accordance with LGTC and ICO Model Publication Scheme requirements. Information meets required accessibility standards. Heads of Service, as information asset owners, are responsible for publishing the required datasets within LGTC timeframes. The council's Business Intelligence function facilitates the prompt publication of data to the York Open Data Website.</p> <p>The council publishes the ICO's guidelines for charging for Re-use of Public Sector Information Requests on its website.</p>	<p>The schedule of fees and charges for Re-use of Public Sector Information Requests will be made accessible to customers by placing it on the York Open Data website and by providing a link from the council's model publication scheme webpage. The schedule will then be updated annually.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
		use of Public Sector Information Requests.	However, there is no specific page on the council website where customers can view all relevant charges and fees that the council may impose, to enable them to make an informed choice before requesting information.	
Residents' parking scheme (December 2023)	Reasonable Assurance	This audit reviewed controls in place for managing applications for residents' parking permits. Areas covered included eligibility checks and counter fraud arrangements. It also reviewed the process for reconciling income received from the parking system (Taranto) to the main financial system (Civica Financials).	<p>From a customer-facing perspective, the application process provided by Taranto is efficient and accessible. Guidance is provided to applicants before they begin the process. This sets out the different permit types and costs. The terms and conditions that customers must agree to when applying include an appropriate counter-fraud declaration. However, the application process is not sufficiently robust to prevent ineligible applicants from successfully applying for a permit. No compensating controls are in place to detect instances of potential fraud.</p> <p>Income received from parking permits via Taranto is downloaded to Civica Financials every evening. The council's IT service checks that it has interfaced correctly. Reconciliations are carried out by accounting technicians annually. The 2022/23</p>	<p>On a monthly basis, random spot-checks will be carried out on permit applications The Taranto system and the terms and conditions will be updated to notify applicants that spot-checks may be carried out to confirm the validity of applications.</p> <p>Parking Services will coordinate with the accounting technician and ICT Systems Support Team Leader to investigate the income from parking permits that cannot be found on the general ledger.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>reconciliation was still ongoing at the time of the audit; permits with a value of £2.5k on Taranto, had not been reflected in Civica Financials.</p> <p>The process for refunding residents for rejected permit applications is not automated and is inefficient. This has created a large backlog of rejected permits awaiting refund.</p>	<p>The parking portal help page will be revised to incorporate information on the procedure for obtaining a refund when applications are rejected. Clear information on the process to follow will be provided.</p>
<p>Adherence to constitution: decision-making (December 2023)</p>	<p>Reasonable Assurance</p>	<p>This audit focused on areas of the constitution which govern how key and non-key decisions are made. It covered schemes of delegation, forward planning, committee report preparation, decision records, scrutiny arrangements, and guidance / training on decision-making.</p>	<p>The constitution is published on the council's website and provides a clear framework for decision-making that complies with relevant legislation. However, internal procedures to ensure compliance with the constitution are less well defined.</p> <p>The main issues identified during the audit include:</p> <ul style="list-style-type: none"> • Detailed schemes of delegation are held for each directorate. However, the majority are now in need of updating in line with the review of the constitution. • The corporate report template guidance is not consistently followed when reports are prepared. This has led to instances where the views of 	<p>All directorates will have an up to date, version controlled, scheme of delegation and a process in place for annual reviews of their delegations.</p> <p>The ModGov system will be developed to ensure all the council's mandatory sections of the corporate report template are included. System access controls will be developed to ensure</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>specialist implication officers had not been sought.</p> <ul style="list-style-type: none"> • Of the council's four directorates, only two had their report preparation and submission processes documented (i.e. to manage consultation, scheduling, and review and approval of committee reports). • There is a comprehensive learning package available for Councillors relating to decision-making. However, there is no equivalent training for officers on the decision-making process. 	<p>appropriate distribution to relevant officers.</p> <p>All directorates will have comprehensive and version-controlled procedure notes for decision making in their area. The procedure notes should include the requirement for quality checks to be undertaken before the Chief Officer signs off the final version before it is presented for a decision to be made.</p> <p>An online learning package for decision-making will be developed in MYLO. This will be made available to all officers.</p>
Treasury management (November 2023)	Substantial assurance	This audit evaluated whether the council has a treasury management strategy in place that meets	The procedures for administering the council's treasury management function were found to be working well. No issues or control weaknesses were identified.	N/A

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
		<p>the requirements of the CIPFA Prudential Code and Treasury Management Code of Practice. It also reviewed controls for taking out loans and making investments, for recording and accounting for them, and for monitoring performance against prudential indicators.</p>	<p>The council's treasury management strategy aligns with the Prudential Code requirements and is presented to Executive and Full Council for approval prior to the start of each financial year. Prudential indicators have been set and performance against these is monitored and reported throughout the year, with an outturn report is produced after the financial year-end.</p> <p>Procedures for taking on long-term borrowing and new investment are well controlled, with clear decision-making and authorisation processes in place.</p> <p>Annual reconciliations are performed to ensure that interest payments, principal and value of loans outstanding are correctly recorded on Civica Financials.</p>	

APPENDIX C: 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 D: 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 75 actions have been followed up so far during 2023/24, up to 31 January 2024. 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)	Place Directorate	Adult Social Care and Integration	Children and Education
1	0	0	0	0	0
2	40	30	8	2	0
3	35	20	7	2	6
Total	75	50	15	4	6

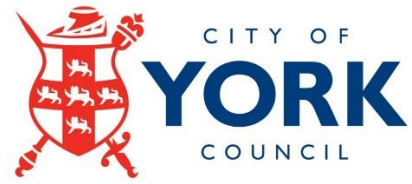
Of the 75 agreed actions, 42 (56%) had been satisfactorily implemented and 17 (23%) had been superseded. The number of actions marked as superseded is relatively high due to the continuing impact of a review of all outstanding actions dating back to the Covid period. This review found that, in some cases, circumstances had changed significantly and the previous actions were no longer appropriate. In some cases, controls were re-examined and new actions raised if issues were found. In 16 cases (21%) 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.

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COUNTER FRAUD PROGRESS REPORT

Date: 28 February 2024

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimated that between £33.2 and £58.8 billion of public spending was lost to fraud in 2020/21¹. Financial loss due to fraud can reduce a council's ability to support public services and can cause reputational damage.
- 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 (eg 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 in 2023/24.



FRAUD MANAGEMENT

- 4 A key objective for the counter fraud team is to raise awareness of fraud with members of staff and the public. International Anti-Corruption Day was marked in December by providing information to employees about the risks of bribery and money laundering faced by the council. This followed earlier exercises during International Fraud Awareness Week in November, Cyber Security Awareness Month in October, and World Whistleblowers' Day in June.
- 5 The team recently provided training to employees of Gough & Kelly who are responsible for allowing blue badge holders access to the city centre. The session was designed to assist the employees to identify if non-badge holders attempt to misuse legitimate or fake blue badges to gain access.
- 6 Fraud awareness training has also been provided to staff working within revenues, benefits, procurement, and customer services in 2023/24.



MULTI-AGENCY WORK

- 7 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Public Sector Fraud Authority (PSFA) and the exercise runs every two years. The results of the 2022/23 data matching exercise (7500 data matches) are currently being reviewed by the counter fraud team and other services across the council. To date 6500 matches have been reviewed.
- 8 In December the council successfully applied to take part in a housing fraud pilot data matching exercise run by the NFI. It is one of only twenty local authorities chosen to take part. The counter fraud team assisted the council to provide housing data which will be matched against a range of data sources to help identify council properties that may be potentially being

¹ [Tackling fraud and corruption against Government](#), National Audit Office

misused. We will report on the outcomes from this exercise in future reports to the Committee.

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

INVESTIGATIVE WORK

- 10 In 2023/24, the counter fraud team has received 285 reports of suspected fraud. These cover areas including adult social care, housing, council tax, council tax support, internal fraud, parking and blue badge, and business rates.
- 11 Up to 31 January 2024, the counter fraud team helped the council to make £156k in savings following investigation work. The team has completed 98 investigations and there are currently 70 investigations ongoing.
- 12 Three people have been successfully prosecuted in 2023/24. Four internal fraud investigations have been completed. Twenty-five people have been issued with formal warnings about their conduct. Eleven residential parking permits have been removed from owners of holiday lets. In addition, the team has helped the council verify forty-six Right to Buy applications, resulting in one application being blocked.
- 13 A summary of investigative work can be found in appendix A, below.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2023/24

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2023/24.

	2023/24 (As at 31/01/24)	2023/24 (Target: Full Yr)	2022/23 (Actual: Full Yr)
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£156,170	£200,000	£263,715
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	59%	30%	50%

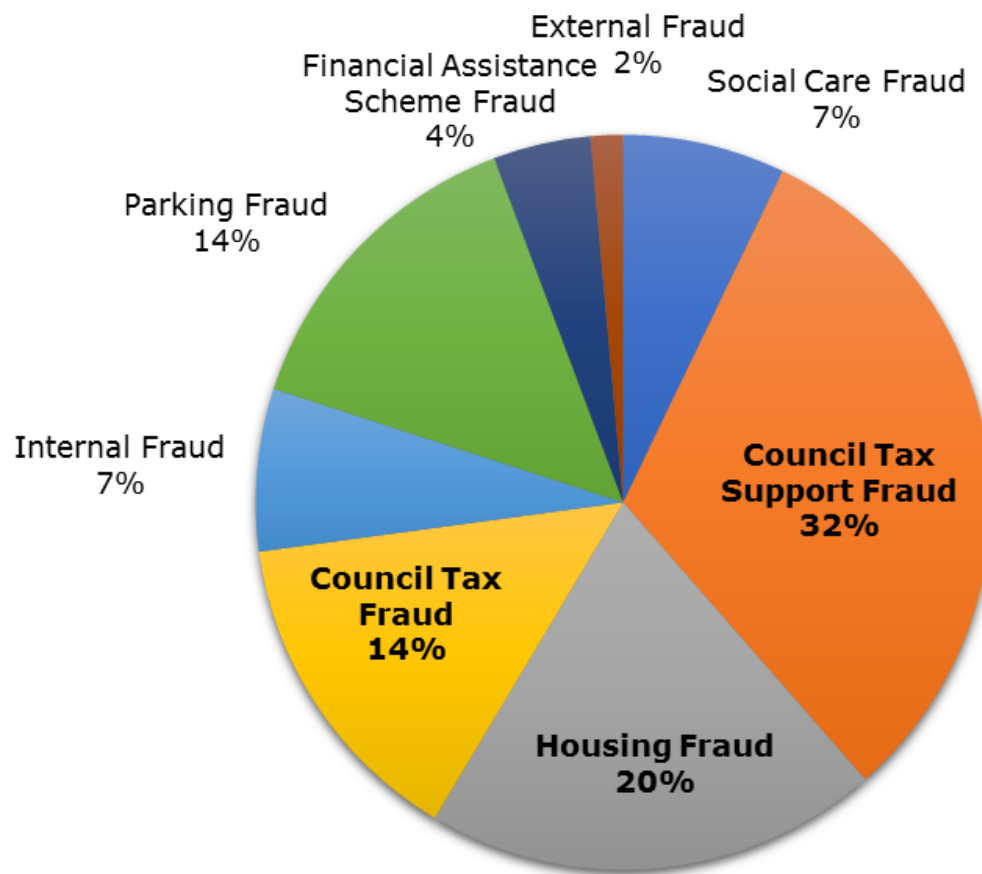
Caseload figures for the period are:

	2023/24 (As at 31/01/24)	2022/23 (Full Year)
Referrals received	285	319
Number of cases under investigation	70	85 ²
Number of investigations completed	98	146
Number of verifications completed ³	47	54

² As at the end of the financial year (ie 31/03/2023)

³ Verification cases are reviews of applications for Right to Buy and school placements.

The chart below shows the proportion of different case types under investigation as at 31 January 2024.



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"> • Adult Social Care fraud – The team has completed three investigations in this area and five are ongoing. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Investigative work has assisted the council to recover £85k to date. • Housing fraud – There are fourteen investigations ongoing in this area. The majority of cases relate to sub-letting and abandonment of council properties, but the team also investigates false applications to the Housing Register, for Right to Buy purchases, and for Homelessness. Fifteen investigations have been completed to date. • Internal fraud investigations – Four internal fraud investigations have been completed. There are five ongoing. • External (or third party) fraud – Fraud in this area relates to financial scams perpetrated against the council, eg mandate fraud or cybercrime. Four investigations have been completed and one is ongoing. • Council Tax Support fraud – Twenty council tax support (CTS) investigations have been completed and there are twenty-two cases under investigation. Fraud in this area can occur when claimants provide false information when they apply, or fail to declare changes to their circumstances, relating to income or capital. Seven CTS claimants have received formal warnings in 2023/24. Work in this area has resulted in £27k of savings for the council. • Council Tax and business rates fraud – Council Tax fraud often involves households falsely claiming single person discount, however other types of discounts can also be abused. Business rate fraud relates to false or incorrect claims for discounts like small business rate relief. Fourteen investigations have been completed this year and ten are ongoing. • Parking fraud – Parking fraud usually relates to blue badge abuse however, there have been a rising number of investigations of misuse of residential parking permits by owners of holiday lets. Thirty-two investigations have been completed – twenty relating to blue badges and twelve to

Activity	Work completed or in progress
	parking permits. Three people have been successfully prosecuted and nine others have received formal warnings for the misuse of blue badges. Eleven holiday let owners have had their residential permits removed, six of whom were also issued with formal warnings.

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