Notice of meeting of

Audit & Governance Committee

To:	Councillors Pierce (Chair), Brooks (Vice-Chair), Crisp, Jamieson-Ball, Scott, Kirk and R Watson
Date:	Tuesday, 13 January 2009
Time:	5.30 pm
Venue:	The Guildhall, York

AGENDA

Note:
As agreed at previous meetings, the Chief Internal Auditor and District Auditor (Audit Commission) will be present in the meeting room from 5:00 pm to provide a private briefing for Members, if required.

1. **Declarations of Interest**

    At this point Members are asked to declare any personal or prejudicial interests they may have in the business on this agenda.

2. **Minutes** (Pages 3 - 10)

    To approve and sign the minutes of the meeting of the Audit & Governance Committee held on 24 September 2008.

3. **Public Participation**

    At this point in the meeting members of the public who have registered their wish to speak regarding an item on the agenda or an issue within the Panel's remit can do so. Anyone who wishes to register or requires further information is requested to contact the Democracy Officer on the contact details listed at the foot of this agenda. The deadline for registering is Monday, 12 January 2009 at 5:00 pm.

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4. **Audit and Governance Committee Forward Plan 2009** (Pages 11 - 16)

This report introduces the future plan of reports expected to be presented to the Committee during 2009.

5. **Proposed Change to the Council's Constitution Regarding Petitions** *(17:40-17:50)* (Pages 17 - 22)

This report asks Members to consider proposed constitutional changes to the way in which the Council deals with petitions submitted by residents or businesses within the City of York area.

6. **Use of Resources 2007/08: Audit Commission Report** *(17:50-18:00)* (Pages 23 - 40)

This paper introduces a report prepared by the Audit Commission summarising the findings from the Use of Resources Assessment relating to the financial year 2007/08.

Note: This item will be considered in private, as it contains information that is currently under embargo and classed as confidential under Section 100B (3) (a). of the Local Government Act 1972.

7. **The Audit of the Financial Statements 2007/8 – A Progress Report** *(18:00-18:10)* (Pages 41 - 50)

This report identifies the main conclusions of the Audit Commission in respect of the 2007/8 financial year audit and presents an Action Plan outlining proposals to improve the production of the Council's 2008/9 final accounts.

8. **Risk Management Monitor Quarter 3 2008/09** *(18:10-18:20)* (Pages 51 - 70)

This report presents the corporate risk management monitor for the third quarter of 2008/09 and invites Members to raise any questions or concerns they may have in relation to the risks contained within the monitor.

9. **Comprehensive Area Assessment and Use of Resources Assessment 2009** *(18:20-18:30)* (Pages 71 - 78)

This report provides an overview of the Comprehensive Area Assessment (CAA), including the new Use of Resources Assessment and internal preparations which seek to address any risk areas that could affect the first assessment result in November 2009.

10. **Data Quality Policy and Progress Report** *(18:30-18:40)* (Pages 79 - 104)

The report presents a draft corporate Data Quality Policy for the Committee's consideration and outlines the progress made towards implementing the Audit Commission's recommendations from January 2008.

11. **Follow up of Audit Commission Recommendations** *(18:40-18:50)* (Pages 105 - 110)

This report sets out the action the Audit and Fraud Service is taking to follow up Audit Commission Recommendations and details of the progress made to date.

12. **Audit and Fraud Mid Term Monitor** *(18:50-19:00)* (Pages 111 - 134)

This report provides details of the progress made in delivering the Council's internal audit and fraud work plan for 2008/09.

13. **Shared Service - Update Report** *(19:00-19:10)* (Pages 135 - 140)

This report advises Members of the progress which has been made to date in developing the shared service initiative with North Yorkshire County Council.

14. **Audit Commission National Report: Back to front. Efficiency of Back Office Functions in Local Government** *(19:10-19:20)* (Pages 141 - 148)

This report gives a brief overview of, and response to, the national review by the Audit Commission called 'Back to front. Efficiency of back office functions in local government', published in October 2008.

15. Asset Inventories and Disposal (non land and buildings) *(19:20-19:30)* (Pages 149 - 152)

This report outlines current arrangements in place for asset inventories, procedures for reporting thefts, processes for disposal of obsolete equipment, and plans for improvement. The scope of this report relates to only to portable assets, not land and buildings which are subject to separate arrangements.

16. Urgent Business

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

Democracy Officer:

Name: Fiona Young
Contact details:
- Telephone – (01904) 551027
- E-mail – fiona.young@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.

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Would you like to speak at this meeting?
If you would, you will need to:

- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than** 5.00 pm on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
- find out about the rules for public speaking from the Democracy Officer.

A leaflet on public participation is available on the Council's website or from Democratic Services by telephoning York (01904) 551088

Further information about what's being discussed at this meeting
All the reports which Members will be considering are available for viewing online on the Council's website. Alternatively, copies of individual reports or the full agenda are available from Democratic Services. Contact the Democracy Officer whose name and contact details are given on the agenda for the meeting. **Please note a small charge may be made for full copies of the agenda requested to cover administration costs.**

Access Arrangements
We will make every effort to make the meeting accessible to you. The meeting will usually be held in a wheelchair accessible venue with an induction hearing loop. We can provide the agenda or reports in large print, electronically (computer disk or by email), in Braille or on audio tape. Some formats will take longer than others so please give as much notice as possible (at least 48 hours for Braille or audio tape).

If you have any further access requirements such as parking close-by or a sign language interpreter then please let us know. Contact the Democracy Officer whose name and contact details are given on the order of business for the meeting.

Every effort will also be made to make information available in another language, either by providing translated information or an interpreter providing sufficient advance notice is given. Telephone York (01904) 551550 for this service.

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Holding the Executive to Account
The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Advisory Panel (EMAP)) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

Scrutiny Committees
The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:
- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

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- Councillors get copies of all agenda and reports for the committees to which they are appointed by the Council;
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Agenda Item 2

City of York Council   Committee Minutes

MEETING	AUDIT & GOVERNANCE COMMITTEE
DATE	24 SEPTEMBER 2008
PRESENT	COUNCILLORS PIERCE (CHAIR), BROOKS (VICE-CHAIR), CRISP, SCOTT, KIRK, MOORE AND R WATSON
IN ATTENDANCE	ALISTAIR NEWALL (AUDIT COMMISSION) JOHN PRENTICE (DISTRICT AUDITOR)

9. CHAIR'S REMARKS

The Chair welcomed Ian Floyd, the Council's new Director of Resources, to the meeting. He also noted that this was the last meeting to be attended by Cllr Moore, who would shortly be standing down from the Audit and Governance Committee and taking up a post on the Executive.

10. DECLARATIONS OF INTEREST

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

No interests were declared. However, Cllrs Kirk and Brooks left the room when discussion arose under agenda item 9 (Annual Monitoring Report: Breaches and Waivers) regarding the Derwenthorpe site, in view of their respective connections with Derwenthorpe.

11. EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That the press and public be excluded from the meeting during consideration of Annexes 1 and 2 to agenda item 9 (Annual Monitoring Report: Breaches and Waivers of Financial Regulations 2007/08), on the grounds that they contain information relating to the financial or business affairs of particular persons. Such 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).

12. MINUTES

RESOLVED: That the minutes of the Audit and Governance Committee meeting held on 26 June 2008 be approved and signed by the Chair as a correct record.

13. **PUBLIC PARTICIPATION**

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

14. **ANNUAL GOVERNANCE REPORT OF THE EXTERNAL AUDITOR**

Members considered a report which presented the Annual Governance Report (AGR) of the External Auditor in respect of the 2007/08 audit year.

The Auditor's report, attached as Annex A, had been approved in draft by the Council's Section 151 Officer. It highlighted a number of areas for improvement, all of which would be built into a Governance and Use of Resources Action Plan to be developed and monitored by a Governance Group chaired by the Director of Resources. It was noted that the audit of financial statements was still under way, having been delayed by difficulties with the Council's supporting working papers. It was intended to issue an unqualified opinion on the financial statements by 30 September.

Members expressed concern at the issues highlighted in the report, particularly the recurring problems in finalising the accounts, which had not been adequately addressed in response to the 2006/07 audit report. The District Auditor confirmed that these had been exacerbated by the Council's current system of approving the accounts at Full Council, via the Executive, after consideration by the Audit and Governance Committee. In most authorities, approval was delegated directly to the Audit and Governance Committee, enabling the process to be managed more smoothly.

RESOLVED: (i)   That the matters set out in the Annual Governance 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 action plan arising from the report, as set out in Appendix 3, be noted.

REASON: To ensure that appropriate action is being taken by Officers to address any matters raised by the External Auditor further to his report.

(iii)   That a further report be received at the next meeting on the Council's response to the recommendations in the External Auditor's 2006/07 report and action being taken to address any outstanding matters.[1]

REASON: So that Members can be reassured that there will not be a further recurrence of the difficulties experienced in finalising the Council's accounts at the end of the last financial year.

(iv)   That the Monitoring Officer be requested to examine paragraphs 28 to 32 of the External Auditor's report and to consider whether these matters could be addressed by using his delegated powers to make appropriate changes to the Constitution.[2]

REASON: To facilitate better management of the process of approving the Council's end of year accounts.

Action Required
1. Bring a report on this to the next meeting (13/1/09)   SA
2. Refer matter to Monitoring Officer for consideration   SA

15.   DEBT RECOVERY ARRANGEMENTS FOLLOW-UP REVIEW: AUDIT COMMISSION REPORT

Members considered a report which introduced the Audit Commission's findings from their follow-up review of the Council's debt recovery arrangements, with specific reference to Council Tax and National Non-Domestic Rates (NNDR).

The Audit Commission's summary report was attached as Annex 1. It made some further recommendations relating to the income collecting policy, setting and monitoring targets for debt collection and improving the use of best practice guidance for collecting monies via direct debit. It concluded that the Council's own follow-up arrangements had not been robust enough to monitor implementation of the original action plan.

RESOLVED: (i)   That the report, and the revised agreed action plan at Annex 1, be noted.

REASON: To ensure the maintenance of an effective internal control environment at the Council.

(ii)   That a follow-up report be received from the Council's Internal Audit and Fraud Manager regarding progress made on the Audit Commission's recommendations.[1]

REASON: To ensure that the recommendations are properly followed up.

Action Required
1. Schedule follow-up report for a future meeting   SA

16. **SICKNESS ABSENCE**

Members considered a report which provided an update on the Council's controls relating to sickness absence.

The update had been requested following consideration of the Action Plan arising from the Annual Audit Letter 2006/07, at the meeting on 13 May 2008. It was reported that the 2007/08 figures had shown considerable improvement in sickness levels and that the external auditor's recommendations, to adopt best practice arrangements for managing sickness absence and to raise the profile of data quality across the Council, were being carried out.

The introduction of the Attendance at Work policy had been recognised by the auditor as one of a range of actions to enhance the Council's capacity for further improvement. The HR Corporate Development Team was continuing to work to achieve these improvements, by facilitating shared learning across directorates and leading on a range of initiatives and actions.

RESOLVED: That the work undertaken in this area, and the improvements made, be noted with appreciation.

REASON: For information and to ensure significant and sustained improvements in attendance levels.

17. **FOLLOW UP OF INTERNAL AUDIT RECOMMENDATIONS**

Members considered a report which outlined progress made by departments in implementing those agreed audit recommendations that were due to have been implemented by 31 August 2008.

Out of a total of 69 recommendations, 8 (12%) had been superseded and 49 (71%) of the remainder had been satisfactorily implemented. In 9 cases (13%), the recommendations had not been implemented and had been referred back to the relevant service manager or assistant director. These would be followed up again after the revised deadline.

In three cases, the reasons given for not progressing the recommendation had not been considered satisfactory and the escalation process for these recommendations had now commenced. Details of that process were annexed to the report. The cases were currently at stage 3 of the process. It was noted that all three had originated from the same service area.

RESOLVED: (i)   That the progress made in implementing the audit recommendations be noted.

(ii)   That Members record their concern regarding the fact that three cases have been escalated in the same service area.

REASON: In accordance with the Committee's role in providing independent assurance on the Council's control environment.

18. **ANNUAL MONITORING REPORT: BREACHES AND WAIVERS OF FINANCIAL REGULATIONS 2007/08**

Members considered a report which informed them of unauthorised breaches of the Council's Financial Regulations that had taken place during the 2007/08 financial year and of waivers of Financial Regulations approved by the Section 151 Officer during the year.

It was noted that the total number of breaches had continued to fall and that most of the new breaches identified were of a technical nature, rather than ignorance of procedures or deliberate failure to follow them. Details of new breaches were contained in Annex 1 to the report. Departments had also made good progress in addressing outstanding breaches from previous years. A total of 41 applications for waivers had been received by the S151 Officer in 2007/08, as compared to 42 in the 2006/07. All had been approved.

Members raised a number of questions regarding the specific breaches listed in the exempt annex to the report. They congratulated Officers for their success in reducing the number of breaches. It was suggested that future reports might also indicate the number of waivers refused, in order to present a more balanced picture.

RESOLVED: (i) That the breaches of Financial Regulations identified or otherwise notified to the S151 Officer during 2007/08 be noted.

(ii) That the actions taken to address outstanding breaches and waivers of Financial Regulations be noted and that further information be provided at the next meeting with regard to current contractual arrangements for the audit of asbestos surveys at schools.[1]

(iii) That the waivers of Financial Regulations approved by the S151 Officer under the Council's Scheme of Delegation be noted.

REASON: In accordance with the Committee's role in considering the Council's compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.

Action Required
1. Provide further information on this for next meeting   SA
(13/1/09)

19.   RISK MANAGEMENT MID-TERM REPORT 2008/09

Members considered a report which informed them of the progress made by the Council's Risk Management Section during the 2008/09 financial year, including achievements in relation to embedding the Risk Management framework across the organisation.

Embedding the framework, to ensure compliance and consistency across the Council, was the primary focus of the 2008/09 Risk Management work plan, details of which were attached as Annex B. Critical deliverables of this plan were the establishment of a risk review and reporting framework and the delivery of actions essential to improving the Council's CPA/CAA score. A major piece of work delivered by the team this year had been the formal introduction of quarterly Key Corporate Risk (KCR) monitors to Corporate Management Team. The Quarter 2 KCR monitor was attached as Annex A. It was recommended that the Committee review the monitor and consider receiving it on a quarterly basis for comment.

Further ongoing work included:
- Organising Member training sessions, on completion of which 32% of Members would have received the awareness training they required;
- Rolling out a risk review and reporting process to directorates;
- Monitoring the quality and content of the Risk Management paragraphs contained in Council reports, in compliance with the protocol.

RESOLVED: (i)   That the contents of the report, and progress made during 2008/09, be noted.

REASON: For information in respect of progress made to date in respect of the risk management agenda and framework at the Council.

(ii)   That quarterly risk monitors be received as a standing item on the Audit and Governance Committee agenda for comment and challenge.[1]

REASON: To help promote and embed the risk reporting process and to ensure compliance with the Council's Risk Management Policy and help improve the CPA score.

Action Required
1. Bring Risk Monitor report to next meeting (13/1/09)   SA

20.   APPLICATION OF REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

Members considered a report which proposed a response to a letter from the Chairman of the Local Government Association following media

comment on councils' application of the Regulation of Investigatory Powers Act 200 (RIPA).

The letter, a copy of which was attached as Annex A to the report, asks councils to satisfy themselves *"that the use of [RIPA] powers is only being authorised…at the appropriate senior political level"* and commented that public confidence in councils' proper use of their powers was at risk.

Members were asked to consider the following options to address this issue:
Option 1 – devise a set of non-trivial matters, against which surveillance might be authorised by qualified officers;
Option 2 – devise a set of trivial matters, against which surveillance might *not* be authorised *or* (Option 2b) only permitted in exceptional circumstances;
Option 3 – leave matters as they are; i.e. allow certain senior officers to authorise surveillance and record their reasoning about necessity and proportionality in the central record;
Option 4 – review the list of delegations to authorise surveillance, perhaps to include Directors or Members in place of the identified service managers.

In view of the fact that current procedures had been independently inspected and appeared to be working well, together with the disadvantages of the alternative options identified in paragraph 12, Option 3 (no change) was recommended.

RESOLVED: (i)   That Option 3 be approved and that no change be made to the current procedure and decision-making structure.

REASON: In view of the fact that existing procedures are working well and there have been no complaints of abuse of power.

(ii)   That it be noted that Members have the opportunity to challenge the use made of RIPA.

(iii)   That a response be sent to the LGA to confirm that a review of the existing procedure has taken place.[1]

REASON: In order to respond appropriately to the letter from the Chairman of the LGA.

Action Required
1. Send response to the LGA in the terms agreed   SA

R Pierce, Chair
[The meeting started at 5.30 pm and finished at 7.35 pm].

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Agenda Item 4

CITY OF
YORK
COUNCIL

Audit and Governance Committee   13 January 2009

Report of the Director of Resources

Audit & Governance Committee Forward Plan 2009

Summary

1. This paper introduces the future plan of reports expected to be presented to the Committee during 2009.

Background

2. There are currently four fixed meetings of the Committee in a calendar year. To assist members in their work, attached at Annex A is the indicative rolling Forward Plan for the next four meetings in 2009/10. This may be subject to change depending on key internal control and governance developments at the time; a rolling Forward Plan of the Committee will be reported at every meeting reflecting any known changes. The plan will also include known training/briefing events to support members in their role on the Committee. It should be noted that it is planned to hold a half day training/briefing session just prior to the meeting in June to go through the Statement of Accounts in detail with Members of the Committee. The Forward Plan also has added emphasis on Corporate Governance.

Consultation

3. A draft plan has been discussed with the Chair of the Committee and key corporate officers.

Options

4. Not relevant for the purpose of the report.

Analysis

5. Not relevant for the purpose of the report.

Corporate Priorities

6. This report contributes to the overall effectiveness of the council's governance and assurance arrangements.

Implications

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

Risk Management

8. By not complying with the requirements of this report, the council will fail to have in place adequate scrutiny of its internal control environment and governance arrangements, it will also fail to properly comply with legislative and best practice requirements, and its Use of Resources score in future CAA assessments could be adversely affected.

Recommendations

9. The Committee's Forward Plan for the period up to December 2009 be noted.

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

10. Members identify any further items they wish to add to the Forward Plan

    Reason

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

Contact Details

Author:	**Chief Officer Responsible for the report:**
Pauline Stuchfield	Ian Floyd
Assistant Director (Customer Service & Governance)	Director of Resources
Telephone: 01904 551706	Telephone: 01904 551100

Report Approved ☐ **Date** xx December 2008

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable   **All** ☐

For further information please contact the author of the report

Background Papers:
None

Annexes
Audit & Governance Committee Forward Plan 2009

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Forward Plan for Audit & Governance Committee 2009

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

- **Feb/Mar – General training event** (date to be set)

- **31 March 2009 Committee**

   Annual Audit Letter – Audit Commission

   Review of Actions from previous Annual Audit Letter

   Review of Corporate Governance and Action Plan

   Review of Effectiveness of Internal Audit

   Risk Management Quarterly Monitoring Report

   Update on Use of Resources 2009

   Draft Internal Audit Plan

   Draft Audit Commission Audit & Inspection Plan

   Draft Annual Governance Statement

   Audit Commission reports as per agreed Audit & Inspection plan
   Audit Commission national reports (if any)
   Constitutional change reports (if any)

- **June – Final Accounts training event** (date to be set)

- **June 2009 Committee**

   Draft Statement of Accounts

   Risk Management Quarterly Monitoring Report /Annual Report

   Internal Audit Plan

   Internal Audit Annual Report (including follow-up of External Audit Recommendations)

   Breaches & Waivers Annual Report

   Audit Commission reports as per agreed Audit & Inspection Plan
   Audit Commission national reports (if any)
   Constitutional change reports (if any)

- **September 2009**

  Annual Governance Report (first under CAA) – Audit Commission

  Review of Actions from Previous Annual Governance Report

  Corporate Governance Action Plan Update

  Risk Management Quarterly Monitoring Report

  Follow-up of Internal and External Audit Recommendations

  Audit Commission reports as per agreed Audit & Inspection plan
  Audit Commission national reports (if any)
  Constitutional change reports (if any)

- **January 2010**

  Annual Audit Letter (first under CAA) – Audit Commission

  Review of Actions from previous Annual Audit Letter

  Data Quality Progress Report

  Risk Management Quarterly Monitoring Report

  Internal Audit & Fraud Plan Progress Report (including Follow-up of External Audit Recommendations)

  Audit Commission reports as per agreed Audit & Inspection plan
  Audit Commission national reports (if any)
  Constitutional change reports (if any)

CITY OF
YORK
COUNCIL

Audit & Governance Committee   13 January 2009

Report of the Head of Civic, Democratic & Legal Services

Proposed Change to the Council's Constitution Regarding Petitions

Summary

1. This report gives details of proposed constitutional changes suggested by Councillor Scott in relation to the way the Council presently deals with petitions submitted to it from residents or businesses within the area.

Background

2. Councillor Scott had originally intended to submit a motion to Council as follows but on the advice of the Head of Civic, Democratic & Legal Services agreed to a report being presented instead to this Committee:

   "Council recommends that this Council amend its Constitution so as to allow for residents to initiate a debate at Full Council upon any issue touching and concerning the City of York where a minimum of 1000 residents petition. In addition Council Officers are instructed to report on the possibility of providing an on-line petition facility and that such a report be approved by the Executive so that it might be included on the agenda of the next Full Council"

3. Under the Scheme of Delegation, one of the functions of this Committee is to consider and put to full Council all proposals to amend the Constitution submitted by Members. This function enables this Committee to receive a full report on the implications of any constitutional change raised by Members, based on which the Committee can then make a recommendation to Council.

Current Position

4. Currently, there is only constitutional provision for Members to submit petitions, irrespective of the number of signatories, to meetings of the full Council. The following is a direct extract of the wording contained in Standing Order 7 on petitions:

"At any meeting of the Council, except the Annual Meeting, provided that notice has been given to the Chief Executive, by 10.00am on the working day before the meeting, any Member may present a petition, provided that the presentation does not exceed 3 minutes. Any petitions presented to Budget Council should relate to business on the agenda and be related to the setting of the budget for the coming financial year.

No discussion will take place on any matter raised by a petition but the matter will stand referred to the Executive or to the appropriate Committee."

5. The above Standing Order therefore does not currently provide for any debate at Council on the subject matter of any petition before it. Rather it refers petition to the appropriate Committee or to the Executive, so that a report can be prepared on any relevant issues or implications associated with the subject matter of the petition. Currently, such a report is prepared by the relevant Council Officer, attaching or referencing the petition. The report and petition are then debated upon at the appointed Committee (or Executive if applicable) and a decision made by Members of that Committee (or the Executive as necessary) where applicable.

6. Councillor Scott's intended motion also refers to the possibility of the Council introducing on-line petitioning. Currently, the Council does not facilitate this. However, preliminary discussions have in the past taken place between Easy @ York and Democratic Services with a view to looking at the possibilities of both introducing on-line registering to speak at 'Committee meetings', as well as on-line petitioning.

7. Further the Council's Committee Management System (CMS) provided by Mod Gov is also capable of both these functions.

Current Legal Position

8. The Local Democracy, Economic Development & Construction Bill has now been introduced in the House of Lords and was published on 5 December 2008 It covers a wide range of subjects from economic prosperity boards, audit, involvement and to a new duty to promote democracy to construction contracts. However, it also addresses petitions. The proposals for these elements emerge from the recent White Paper, 'Communities in Control: Real People, Real Power and are concerned with strengthening local democracy, through passing more power and responsibility to local authorities, communities & citizens.

9. The Bill plans to introduce a new duty upon local authorities to respond to petitions. According to a recent YouGov survey, 90% of people think Councils should take account of petitions. However, a recent LGA (Local Government Association) survey suggested that less than a third of Councils actually guarantee a response.

10. Constitutionally, City of York Council does not guarantee a direct response to petitions received. Paragraph x above, however, sets out the process whereby Members have a constitutional right to submit petitions on behalf of residents. Additionally, petitions can be sent directly by residents to the relevant directorate. The custom and practice across the Council when in receipt of such petitions is to prepare the customary report on the petition and its implications and submit it to the relevant Committee (or the Executive). So, in effect, petitions received in this manner are treated formally in the same way as petitions submitted by Members to full Council.

11. The new duty, if introduced formally through legislation, will, however require Councils to respond to petitions , with the intended aim of improving transparency in local decision-making and the extent to which citizens feel able to influence local decisions.

12. Clearly, this Bill has not yet been enacted and elements of it, including the petitioning duty, may yet change.

New Scrutiny Structure

13. Members will be aware that a decision was taken at full Council in November 2008 to alter the structure of scrutiny committees in York and to consequently remove Executive Member Advisory Panels (EMAPs). Council set up a working group to look at and report back to it on the implementation details of its decision. That work is about to start. Any changes to the scrutiny structure and removal of EMAPS will not take place until the start of the new Municipal Year at the end of May 2009.

Consultation

14. The Head of Civic, Democratic & Legal Services has been consulted on the legal context set out in this report. Further consultation needs yet to take place with Easy@York and Mod Gov (CMS) in relation to the technical possibilities of introducing on-line petitioning and registration to speak facilities, as well as extending e-consultation facilities.

Options

15. It is suggested that Audit & Governance Committee do not recommend any current changes to the Constitution in respect of Councillor Scott's suggestions for petitions on the basis of the following:

   o Details contained in the Local Democracy, Economic Development & Construction Bill could still change. Some elements are still subject to consultation and consultation on its related White Paper (Empowering Communities) only closed on 30 October 2008;

o Constitutional changes will emerge from the details of the scrutiny restructure and any additional ones Members may wish to make in respect of petitions could be readdressed at that time

16. The options available are as detailed below:

Option 1

Consider recommending a constitutional change to Council in respect of Standing Order 7 as referenced in paragraph 4 above. Such change to be worded so as to provide for '*residents to initiate a debate at Full Council upon any issue touching and concerning the City of York where a minimum of 1000 residents petition'*

Note: The matter of on-line petititioning will in any event need to be given further consideration by the relevant parties referred to in paragraph 14 above and as just one way of facilitating petitioning rights, would not need to be referenced specifically in the Constitution.

Option 2

To agree not to recommend any changes to the Constitution at this time but to receive a further report on the suggestion when the Bill has been enacted, its full implications known and when further details have emerged on the restructure of scrutiny.

Option 3

To agree not to recommend any changes to the Constitution in relation to petitions.

Corporate Priorities

17. Whilst the aims behind the suggestions being put forward by Councillor Scott do not directly contribute to any of the Council's current priorities for improvement, it could be said that providing on-line petitioning and facilitating debate at Council on certain petitions contributes to 'delivering what our customers want' and 'encourages improvement in everything we do'.

Implications

18. **Financial**

There would be financial and resource implications associated with introducing on-line petitioning. If Members are minded towards Option 2, then further details would be reported back on these implications at that time.

.

19. **Legal**

20. The legal context associated with this report is set out in paragraphs 8-12. If the Government does impose a duty upon local authorities to respond to petitions, then a constitutional change will be required. Such change, however, will be better informed by the details on this possible duty which may emerge through the Bill's passage.

21. **Crime and Disorder** – There are no Crime and Disorder implications.

22. **Information Technology**

23. Clearly, there are IT & t implications associated with the introduction of on-line petitioning and should Members be inclined towards Option 2 above, these will be fully addressed in a further report to Members in due course.

Risk Management

24. There are no risks associated with not making a constitutional change now in respect of Councillor Scott's suggestion. However, it should be noted that there would a risk of having to make further change in the future once legislation referred to has been enacted if constitutional change were recommended on the basis of what we know now.

Recommendations

Members are asked to consider the options detailed above and make an appropriate recommendation to Council.

Contact Details

Author:	**Chief Officer Responsible for the report:**
Dawn Steel	**Quentin Baker**
Democratic Services Manager	**Head of Civic Democratic & Legal Services**
Ext:1030	

Report Approved ☑ **Date** *31.12.08*

Specialist Implications Officer(s) *List information for all*
Financial   *Implication ie Legal*
Louise Branford-White   *Name*
Technical Finance Manager   *Title*
Ext:1187   *Tel No.*

Wards Affected: **All** ☑

For further information please contact the author of the report

Background Papers:
The Local Democracy, Economic Development & Construction Bill

Annexes

None.

Agenda Item 6

By virtue of
Regulation 21(1)(A) of the Local Authorities (Executive
Arrangements) (Access to Information) (England)
Regulations 2000.

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Regulations 2000.

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CITY OF YORK COUNCIL

Audit and Governance Committee   **13 January 2009**

Report of the Director of Resources

The Audit of the Financial Statements 2007/8 – A Progress Report

Summary

1. This report identifies the main conclusions of the Audit Commission in respect of the 2007/8 financial year audit.

2. The recommendations of the Audit Commission are contained in the action plan along with the proposed actions identified.

Background

3. The Audit Commission 'Report on the audit of the financial statements – 2007/8' in respect of York City Council forms a part of the Annual Governance Report, the contents of which were reported to this Committee in September. This in turn feeds into the 'Use of Resources' assessment which is an element of the Council's CPA assessment.

4. The main conclusions of this report, which covers the financial year 2007/08, include the following comments :-

   - The council did not adequately address the issues and weaknesses that we highlighted in our reports from the 2006/7 audit.

   - The council needs to project plan for the financial statements closedown process, and this plan needs to be monitored by senior officers and the Audit and Governance committee, such that those with responsibility for the financial statements are assured that they will be produced on time to the required standard.

   - Significant improvements are required in the quality of the supporting working papers and the timeliness of their production.

   - Communication with the corporate finance department and between finance and property services needs to be improved. Property services, in particular need to be aware of their role in the closedown process, and the importance of their role.

   - Further improvements are required to the asset register spreadsheets.

Improvements already under development

5. During the last three months to this December, a significant programme of work has been developed, seeking to address the concerns as identified by the Audit Commission, but also to place the annual programme of work leading up to the closure of accounts into a more regularised format.

6. A review of the skills and experience of all corporate finance staff has enabled a broader division of the in year and year end tasks. This greater capacity will support improved timeliness in the production of the accounts.

7. Wherever possible in year tasks are being brought up to date in order to minimise year end working.

8. A web portal for the intelligent, hyperlinked filing of all relevant accountancy documents is under development in collaboration with another local authority.

9. A project plan is near completion, enabling task and responsibility identification, capable of regular monitoring.

10. Sufficient time will be allowed prior to the presentation of the draft accounts to members for approval, for thorough checking to take place. In addition it is planned to hold a half day briefing/training session for Members of the Committee a few days prior to the formal Audit Committee meeting in June, to ensure Members fully understand the accounts.

11. A positive relationship is being developed with the Property services representatives. This, along with a thorough review of the asset register, will support a more accurate identification and valuation of the major assets of the council.

Audit Commission Action Plan

12. All of the detail of the recommendations of the Audit Commission and the planned action, and action already completed, is contained in the action plan attached as Annex 1.

Approval Process

13. Members will also recall that the external Auditor also made note of the fact that currently the approval for the Accounts/Annual Governance Statement rests with Full Council, whereas in many authorities this power has been delegated to the Audit Committee. The External Auditor highlighted that this process may affect the   timeliness of the presentation of draft accounts for approval by 30 June in each year.

14. At the last meeting of this Committee a recommendation was made for the Monitoring Officer using his delegated powers to review the Constitution in respect of approval of the Accounts and for a potential change to be taken to the Group Leaders for consideration.

15. However, whilst the Monitoring Officer has delegated powers to make minor changes to the Constitution in consultation with Group Leaders, the issue of the functions and powers of the Audit Committee are considered to be significant and as such would require Full Council Consideration.

16. The Audit and Governance Committee are asked to consider what if any further action they wish to consider in respect of this Constitutional Matter, given that the previous recommendation is not considered possible in the way it was described in the approved minutes of the meeting.

Consultation

Consultation has taken place with the Audit Commission, relevant finance staff across the council and with Property services.

Analysis

17. The report is for noting in respect of the Audit Commission recommendations and the related Action Plan.

Corporate Priorities

18. The report addresses the approach being taken to improve the outcomes in respect of the presentation of the Annual Final Accounts. This will have a major impact on the Use of resources score for the Authority.

Implications

19.
- **Financial**

   All financial implications are contained within the body of the report.

- **Legal**

   All legal implications are contained in the body of the report.

Risk Management

20. All risks are identified within the body of the report, along with the proposals being put in place to minimise the risk of a further adverse report in respect of the production of Final Accounts for the authority.

Recommendations

21. Members are asked to note the work currently ongoing to address the major concerns of the Audit Commission in respect of the production of Annual Accounts.

22. Members are asked to note the Action Plan in respect of proposals to improve the production of the 2008/9 final accounts.

23. Members are asked to determine what further action is necessary in respect of the powers currently vested in the Audit and Governance Committee, and Full Council, with regards to approval of the Statement of Accounts and Annual Governance Statement.

Contact Details

Author:	**Ian Floyd**
Susan Goodhall	**Director of Resources**
Interim Finance manager	
01904 551745.	

Report Approved [√] **Date** *5 January 2009*

Wards Affected: **All** [√]

For further information please contact the author of the report

Background Papers:
Audit Commission – Report on The Audit of the Financial Statements 2007/8.
Annexes

Annex 1 - Report on the audit of the financial statements – Action Plan

Annex 1

Page No.	Recommendation	Priority 1=Low 2=Med 3=High	Responsibility	Agreed	Comments	Date
7	R1 Ensure that sufficient officers are available to respond to auditors' queries.	3	LBW	✓	Holiday Planner completed – agreed audit programme with auditors and sequencing.	31 Jan 2009
7	R2 Identify key contacts for all areas of the accounts.	2	LBW	✓	Key responsibility schedule available with target dates for completion.	31 Jan 2009
8	R3 Produce a comprehensive project plan to ensure that the financial statements and the supporting working papers are produced before the end of June 2009.	3	LBW	✓	Project plan developed & agreed with District Audit – monitored weekly.	31 Jan 2009
8	R4 Ensure the project plan is managed, reviewed and has ownership amongst senior officers and Members.	3	SG	✓	Project plan to be agreed & monitored at SAMS (Directorate & Corporate Finance Managers Group). Approved by Audit & Governance.	31 Jan 2009
8	R5 Ensure any corrective action is taken if necessary to enable the project plan to be delivered.	3	SG	✓	Wider responsibility list including Directorate staff.	31 Jan 2009

9	R6 Produce a comprehensive set of working papers to support the financial statements by 30th June.	3	LBW	✓	Review of working paper presentation to include implementation of web portal which maintains all relevant documentation from core statement to prime document.	31 Jan 2009
9	R7 Implement a comprehensive QA process to cover the financial statements and the review of the working papers to be completed by 30th June.	3	LBW	✓	All elements of the SoA and associated working papers to be sense checked and reconciled to the core statements, both ongoing and a final check prior to production.	30 June 2009
9	R8 Improve collaboration and communication within corporate finance.	3	LBW/JL	✓	Clear lines of responsibility within corporate finance as per R3.	31 Jan 2009
10	R9 Improve collaboration and communication between corporate finance and property services.	3	LBW	✓	Constructive work plan established. Roles and tasks identified. Programme of valuation to be agreed.	31 Mar 2009
11	R10 Ensure that property services understand their role in the closedown process.	2	LBW	✓	Ongoing discussion will ensure that property services and corporate finance deliver an accurate & timely AR	31 Mar 2009
12	R11 Ensure a fixed asset register is prepared by 30th June, including all SORP requirements.	3	LBW	✓	A review of 2007/8 Asset Register is being undertaken, to be completed February 2009	30 June 2009

12	R12 Consider combing all fixed assets into Technology Forge to ease the closedown process and take advantage of the fianance module being SORP compliant to produce the information required in the financial statements.	1	LBW	✓	Review of Technology Forge being undertaken by Finance staff to assess if all assets can be included in Technology Forge and if the Finance module can be used in accordance with SORP 2008.	30 June 2009
12	R13 Value Park and Ride land individually to ascertain a value for each site.	2	LBW	✓	Will be undertaken as recommended	30 June 2009
12	R14 Review all capital expenditure to ensure that the value of the assets at the year end is compliant with FRS15, and the accounting treatment is SORP complaint.	3	LBW	✓	Review Capital expenditure in 2008/9 during February 2009 to identify that which enhances the value of specific assets.	30 June 2009
12	R15 Ensure that all valuation certificates are fully SORP compliant and include the details as required by the SORP.	2	LBW	✓	Will be undertaken as recommended.	30 June 2009
12	R16 Identify all properties where there are no original deeds and confirm that you own the assets	1	LBW	✓	Work with Property Services/ Legal Services to ensure appropriate registration of ownership is in place.	30 June 2009

	by acquiring the deeds or registering the property.				
12	R17 Review the depreciation charge for those assets removed from the register and ensure that the £33k error is corrected.	2	LBW	✓	A full review of the Asset Register will cascade to correct calculation of depreciation.	30 June 2009
12	R18 Account for the value of the homeless hostel as a separate asset in accordance with FRS15.	2	LBW	✓	Will undertake as recommended	30 June 2009
13	R19 Use the balance sheet method to calculate the CFR to ensure that the CFR has been calculated correctly.	1	LBW	✓	The Balance Sheet method was used to calculate the CFR in 2007/8 – note 20 to the SOA. This will be continued for 2008/9.	30 June 2009
13	R20 Take into account the housing CFR when calculating the MRP to ensure that there are no potential material mis-statements in the CFR.	1	LBW	✓	The Housing CFR will be used to calculate the MRP as described in CIPFA – the Prudential Code and the Local Government Act 2003 and amendments.	30 June 2009
13	R21 Value forward rate transactions using the effective interest rate.	1	LBW	✓	Forward rate transactions will be valued using the effective interest rate only when recommended to do so by the SORP 2008.	30 June 2009
13	R22 Provide clear working papers to demonstrate that the	2	LBW	✓	LAA grant for the use by City of York Council will be included in 2008/9	30 June

	LAA grant has been correctly accounted for by the council.				Accounts	2009
14	R23 Improve the quality of the CAA working paper to demonstrate that the account includes all items that are required, does not include any items not required, and is calculated correctly.	3			CAA working paper will be provided in a timely manner in accordance with the SORP 2008/9 Guidance Notes.	
14	R24 Review the accounting treatment of YPO during 2008-09.	2			The review of all organisations to be considered for Grouping will include appropriate supporting documentation.	
15	R25 Checks for reasonableness and careless mistakes need to be undertaken on the WGA return before it is submitted to the auditors for auditing and to the DCLG.	2	LBW	✓	Thorough cross checking to be in place as an element of final accounts closedown of key documents.	31 Aug 2009
15	R26 Produce the WGA return immediately after the financial statements are drafted, and then submit by the end of August.	2	LBW	✓	Agreed completion timetable – as per overall final accounts timetable.	31 Aug 2009

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Agenda Item 8

![City of York Council logo]

Audit & Governance Committee   **13 January 2009**

Report of the Assistant Director (Customer Service & Governance)

Risk Management Monitor Quarter 3 2008/09

Overview

1.	This paper presents to Members the corporate risk management monitor (Annex A) for the third quarter 2008/09. The risk monitor is reviewed by Council Management Team (CMT) on a quarterly basis and this report provides the opportunity for Members to raise any questions or concerns they may have in relation to the risks contained within the monitor.

Background

2.	At Audit & Governance Committee (A&G) on 24 September 2008 Members approved recommendation b) of the Risk Management Mid-Term monitoring report to receive the corporate risk monitor on a quarterly basis. The purpose of this is to allow A&G Members to make a judgement and gain assurance on how risks are being managed across the organisation.

3.	Effective Risk Management is important to the council as it acts as an enabler by supporting well informed decision making and it can facilitate sustainable improvements in service delivery. It is fundamental to good management practice and should not be viewed as a separate discipline or be carried out in isolation.

Current Issues

4	The impact of the current economic downturn is predicted to last into 2010 and the council's Executive has asked that the organisation seeks to identify its related internal and external risks. All directorates have been asked to review their services and a coordinated list of risks and issues will be taken to Executive early in the New Year.

5	The second headline issue for local authorities is in the field of child protection following the death of Baby P in Haringey. In the wake of this tragic incident major reviews are underway and it is anticipated that changes to inspection regimes are to be introduced by the government. Every council is currently being asked to review its arrangements for safeguarding children. The overall performance for Children's Services in York has been judged as outstanding.(Joint Area review 2008; Annual Performance Assessment 2008). The joint area review

indicates that the risk at York seems to be low but in the light new more stringent regulations being introduced by government and the inherent risks of child protection A&G could consider recommending to Executive that it is included in the corporate risk register.

Quarter 3 Risk Monitor

6 The risk monitor at Annex A of this report sets out the position of the key corporate risks (KCR's) at the end of the third quarter 2008/09. The monitor is complete in terms of accurately reflecting the information recorded in the Council's risk register (Magique) however, risk owners in some cases still need to consider their risks in more detail setting out clearly both existing controls and additional actions required to better manage the risk.

7 There is good evidence that the council is now far better at considering and identifying risk as part of its normal business processes. This can be seen across the organisation as a whole from major projects to policy and strategy documents.

8 Since the first quarter monitor was presented to CMT in June considerable support has been given to officers by the corporate risk management officer to develop its use as a management tool. However there is more work needed to ensure that officers to see risk management and the risk register part of their normal management process rather than as a stand alone function.

9 While A&G will need to review the monitor (Annex A) in full they may wish to consider in more detail the critical (red) risks, these include the following:

KCR 0001 Implementation of the new pay & grading structure

- Neighbourhood Services risk 9 (Legal Challenge)

KCR 0002 Unsuccessful delivery of accommodation review project

- Planning risk 3.4 (Planning Consent)
- Financial risk 5.3 (Project Affordability)

KCR 0003 Failure of waste management strategy partnership

- Planning Consent risk 2.4 (Failure to secure consent)
- Financial risk 4.1 (Increased costs)
- Financial risk 4.4 (Inability to fund the procurement)
- Leadership & Communication risk 5.4 (Termination)

Review of Risk by A&G

10   The attached corporate risk monitor (Annex A) helps to provide A&G Members with some of the detail around key corporate risk areas. Members however may wish to consider certain areas of risk in more detail at future meetings and it is suggested that the relevant risk owners provide a brief overview of their risks and how they are been managed. A current risk area that Members may wish to consider at the next A&G committee is the "Failure of waste management strategy partnership".

Options

11.   Not applicable.

Corporate Priorities

12.   Risk management relates directly to the council's priority to *'improve leadership at all levels to provide clear, consistent direction to the organisation'* clear and consistent leadership and direction requires a thorough understanding of all the risks and challenges to the organisation. As risk management should be integrated into all the council's processes and routines it should help contribute to the effective delivery of all 13 corporate priorities. The key development issues reported in this paper support the actions required to improve the Council's CAA (Use of Resources) score of 2 for Risk Management to 3 as a minimum .

Implications

13.   There are no financial, legal, HR or other implications arising from this report.

Risk Management

14.   The risk associated with the recommendation of this report is "Failure to provide adequate documentation to achieve a level 3 for risk management in CPA UOR" and was originally assessed at a net level of 18 (high).

Recommendations

15.   Audit and Governance Committee are asked to:

a)   note the contents of this report and progress made during 2008/09;

        Reason

        To raise awareness of the progress made to date in respect of the risk management agenda and framework at the Council.

b)   consider if they wish to recommend to Executive that Child Protection is added to the corporate risk register;

<u>Reason</u>

To provide assurance that the council proactively seeks to consider new and emerging risk.

c)   agree to receive a report at the next Committee from the risk owner in relation to the risk set out at Para 10.

<u>Reason</u>

To provide assurance that key risks are being appropriately managed by the organisation .

Contact Details

Author:	**Chief Officer Responsible for the report:**
David Walker Head of Financial Procedures Phone 01904 552261	Pauline Stuchfield Assistant Director of Resources (Customer Services & Governance)

Report Approved   √   **Date**   18/12/08

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable   **All**

For further information please contact the author of the report

Background Papers

Risk Management Mid-term Report 2008/09

Annexes

Annex A Quarter 3 Key Corporate Risk monitor.

City of York Council
Key Corporate Risk Monitor Q3 2008/09

KCR 0001 - Implementation of new pay & grading structure

Implementation of the pay & grading review presents a whole raft of potential risks to the Council. These range from lawfulness issues (e.g. meeting statutory deadlines) and financial considerations (i.e. affordability) to employee relations problems (e.g. industrial action, demoralised workforce, recruitment and retention issues etc).

	RES	CS	NS	CE	LCCS	HASS
1. Inability to retain staff	20	19	19	15	14	14
2. Inability to recruit staff	18	19	19	15	9	14
3. Potential industrial action	N/a	14	19	10	6	6
4. Decline in customer service	6	14	13	10	8	9
5. Increase staff absence	6	14	14	15	9	9
6. Reduced staff productivity	13	15	15	15	14	14
7. Inability to contribute to corporate priorities	8	13	19	15	14	14
8. Reduced staff morale	15	14	13	15	14	15
9. Potential legal challenge	14	14	22	9	14	19

Resources

1. Lack of continuity and increased demands on management within ITT | 20

Cause - This has been a problem in ITT

Consequence - and results in the need to use more consultants and in turn this increases costs.

Conclusion | **Tolerate**

City Strategy

1. Inability to retain staff | 19

Cause - Poor outcome for staff in pay & grading review

Consequence - Loss of staff will adversely affect service delivery. This has got business, financial and customer consequences.

Conclusion | **Treat**

Actions	**Due Date**
Identify affected posts	30/10/08
Review job descriptions	30/10/08
Consideration for market supplement for some posts	On hold

2. Inability to recruit staff | 19

Cause - The uncertainty surrounding the future pay and grading of posts.

Consequence - In some cases this could adversely affect service delivery. This has got business, financial and customer consequences.

Conclusion | **Treat**

Actions	**Due Date**
Identify affected posts	30/10/08
Review job descriptions	30/10/08
Consideration for market supplement for some posts	On hold

City of York Council
Key Corporate Risk Monitor Q3 2008/09

Neighbourhood Services

1. Inability to retain key frontline and support staff `19`

Cause - The removal of bonus payments to many key front line staff has seen many of the staff in these areas see their total pay reduced. If these staff leave we may find difficulty in recruiting.

Consequence - Inability to deliver key public services in areas such as refuse/recycling, highway maintenance, street cleansing and ground maintenance.

Controls	**Owner**
Mitigation Strategy	Geoff Derham
Conclusion	**Treat**
Actions	**Due Date**
Look at job design, training and development of staff	01/04/09

2. Detrimental effect on contribution to corporate priorities `19`

Cause - If we cannot attract and retain staff in a competitive environment

Consequence - Services such as waste/recycling are key corporate services and are one of the council's key corporate priorities. Failure to recruit and retain staff in this area may make the priority unachievable.

Controls	**Owner**
Mitigation Strategy	Geoff Derham
Conclusion	**Tolerate**

3. Detrimental impact on residents `19`

Cause - Strike action taken by staff in the directorate

Consequence - Services that directly affect the public, such as refuse/recycling, highway repairs and street cleansing, may be severely disrupted if staff engage in industrial action.

Conclusion	**Tolerate**

7. Inability to contribute to Corporate Priorities `19`

Cause - A possible reduction in efficiency, productivity and/or an increase in staff absence

Consequence - This will have an affect on our ability to continue deliver many of the Council's frontline services, several of which, waste and recycling for example, are key priority services for the Council

Conclusion	**Tolerate**

9. Financial risk through potential legal challenges to the new pay structure `22`

Cause - The council may be exposed to challenges over its proposed new pay structure. It may be that some claims will be made that we will require sensitive and delicate discussions with staff, trade unions and solicitors. The council may be at risk from serious financial loss if some of the claims were to be pursued and upheld.

Consequence - If the new pay structure were to come under challenge from large numbers of staff, there will be serious financial implications to the directorate and the council. These are difficult to quantify until the scale of any challenge is known but would run into millions of pounds

Controls	**Owner**
Transparent and fair pay structure	Geoff Derham
Conclusion	**Tolerate**

City of York Council
Key Corporate Risk Monitor Q3 2008/09

Housing & Adult's Social Services

9. Potential legal challenge `19`

Cause - This relates to protected hours agreements in care homes.

Consequence - Resolution could incur a total cost of £10k in compensation payments to the group of staff concerned.

Conclusion   **Treat**

Actions	**Due Date**
HASS DMT to decide on resolution option	12/09/08

KCR 0002 - Unsuccessful delivery of accommodation review project

Efficiencies and facilitation of cultural change through rationalisation to one-site operations. The project relies and has interdependencies with other programmes of work such as FMS replacement and Easy@york.

Project Work Streams	1	2	3	4	5	6
1. Land	8	8	8			
2. Construction	14	13	6			
3. Planning	13	8	14	23		
4. Change	20	19	14	14	14	
5. Financial	9	8	23	6	14	14
6. Property	16	16	15	9	10	15
7. Marketing & Communications	9	14				
8. Procurement	6	6				

Planning

3.4 Failure to achieve planning approval `23`

Cause - Failure to achieve planning permission for a building that meets the operational needs of the council, the overall budget provision and timescales for delivery.

Consequence - Delays and consequent costs incurred on the project if permission is refused.

Controls	**Owner**
Staged development design and approvals	Maria Wood

Conclusion	**Treat**

Actions	**Due Date**
Presentation to planning committee	05/09/08
Review of site options to produce short list of sites for evaluation	05/09/08

Change

4.1 Change Management `20`

Cause - Lack of corporate direction/vision in terms of corporate change to enable service provider to influence the design process and achieve the wider benefits.

Consequence - non-achievement of the wider benefits of relocation and Impact on the future use of the Guildhall, St Antony's and 50 York Road

Controls	**Owner**
Develop a corporate cultural change agenda	Neil Hindhaugh
Monitor the "office of future" pilot	Project Board

Conclusion	**Treat**

Actions	**Due Date**
Organisational change agenda	08/01/07
Produce paper for CMT on new ways of working	28/04/08
Office of the future	05/04/09

4.2 Failure to maximise the benefits of relocation `19`

Cause - If the new building does not respond to the business needs of the organisation and achieve the level of benefits defined in the business case.

Consequence - The Council would fail to achieve the operational efficiencies and improvements in customer service provision anticipated. Reputational risk.

Controls	**Owner**
Monitor progress of efficiency targets as identified in the business case	Peter Liversidge

Conclusion	**Treat**

Actions	**Due Date**
Investigation of business and customer needs	31/03/10
FM scoping exercise	30/06/09

Financial

5.3 Project Affordability	23

Cause - Project costs exceed approved budget.

Consequence - Increase in costs to such an extent that the project is rendered unaffordable.

Controls	**Owner**
The developer's contract is capped at £32m	Ian Asher

Conclusion	**Treat**

Actions	**Due Date**
Appoint an external consultant to negotiate the costs and project manage the solution	24/12/08

Property

6.1 Value of property capital receipts	16

Cause - The achievement of net capital receipts to the value of that contained within the projects financial model.

Consequence - Could affect the NPV and Early years deficit on project

Controls	**Owner**
Agree a sale with delayed possession	John Urwin
Identify the mid value of property	John Urwin

Conclusion	**Treat**

Actions	**Due Date**
Maximise value of properties	NYE

6.2 Delay of capital receipt from Yearsley Bridge	16

Cause - Aims of other CYC strategies may delay the achievement of capital receipt. Net Capital receipt £3m.

Consequence - Could Affect the NPV and Early years deficit of Project

Controls	**Owner**
Resolve to allow receipt from Yearsley Bridge to offset reprovision of service costs	John Urwin
Monitor service review in order to finalise timescales for future sale	John Urwin

Conclusion	**Treat**

Actions	**Due Date**
Secure part of the site sale to YAS	30/09/08

KCR 0003 - Failure of waste management strategy partnership

Financial penalties of failing to manage satisfactory partnership solution to waste agenda. Partnership solution with NYCC introduces risks to the programme from CYC perspective (control, breakdown of effective working, governance etc). Project risks of the partnership have been identified and are being managed by NYCC as the lead body

Project Work Streams	1	2	3	4	5
1. Project Delivery	14	6	14	6	14
2. Planning Consent	13	18	14	23	
3. Procurement	18	6	13	13	
4. Financial	23	17	6	21	19
5. Leadership & communication	13	20	12	22	19
6. Partnership	19	11	13	14	

Planning Consent

2.2 Failure to secure and/or demonstrate adequate consultation　　18

Cause - This is to be completed as part of the statutory consultation on planning.

Consequence - This could cause judicial review and objections.

Conclusion　　　　**Tolerate**

2.4 Failure to secure planning consent　　23

Cause - Failure to secure planning consent on any of the selected sites. If there is not enough of preparation to ensure the site is the most appropriate and all the required testing has been complete. Environmental Impact assessments etc.

Consequence - This could result in non-delivery of project

Controls　　　　**Owner**
Identification of suitable alternative sites　　Bill Woolley

Conclusion　　　　**Treat**

Actions　　　　**Due Date**
Audit of the preparation process　　30/06/09

Procurement

3.1 Potential challenge of process　　18

Cause - If one of the bidders think the evaluation has been inappropriate

Consequence - The Council could be sued and incur costs and therefore may not be able to award the contract

Conclusion　　　　**Treat**

Financial

4.1 Planning delays could lead to increased costs　　23

Cause - Due to the cost of lan filling being higher than the cost of the treatment facility any delay in the construction and operation of the facility will cause increased costs.

Consequence - This could lead to planning delays and increased costs.

Controls　　　　**Owner**
Audit of process to ensure it is robust　　Bill Woolley

Conclusion　　　　**Treat**

4.2 Solution is unaffordable `17`

Cause - The Government have imposed penalties designed to reduce the amount of BMW going to landfill and these penalties are prohibitive and the Council cannot achieve the reduction in BMW to landfill without a disposal facility. The cost of this facility highly significant but lower than the penalties.

Consequence - The Council will be subject to penalties which will cost even more.

Controls	Owner
Highlight as a budget requirement in MTFS	Bill Woolley
The Council has signed up to closing the affordability gap	Bill Woolley

Conclusion	Tolerate

4.4 Inability to fund the procurement `21`

Cause - Insufficient budget in order to fund project requirements.

Consequence - The procurement will be delayed or might not occur or the contract could be inappropriate.

Conclusion	Treat

Actions	Due Date
Application for growth bid	Bill Woolley

4.5 Possible enquiry would lead to increased costs `19`

Cause - If there is a planning inquiry.

Consequence - Increased costs due to delay to the construction.

Conclusion	Treat

Leadership & Communication

5.2 Negative perception of treatment plants and technologies `20`

Cause - Failure to communicate to stakeholders regarding the benefits and requirement for a treatment site.

Consequence - This could result in protests and lead to delays in project. This could lead to objections of planning permission.

Controls	Owner
Communication Strategy	Bill Woolley
Communication Plan	Bill Woolley

Conclusion	Tolerate

5.4 Project terminated `22`

Cause - The project could be deemed unacceptable by Council Executives.

Consequence - This would leave the Council exposed to increasing landfill costs, including landfill

Controls	Owner
Communication Strategy	Bill Woolley

Conclusion	Treat

Actions	Due Date
Contract negotiations with preferred bidder	02/03/09

5.5 Lack of continuity in the strategic leadership of the project `19`

Cause - The Council does not react quickly enough to ensure continued strategic leadership and input into the project from City of York Council's perspective.

Consequence - This could result in the project being delivered to North Yorkshire County Council's requirements without City of York Council's requires being included and we will have to sustain the impact of this for the duration of the 25 year contract

Conclusion **Treat**

Partnership

6.1 Failure to agree back to back agreement `19`

Cause - There are factors such as costs and political issues that could affect this risk.

Consequence - The Council will not have access to a disposal facility.

Conclusion **Treat**

KCR 0007 - Failure to deliver the Local Area Agreement

Increasing adverse risks associated with failure further to the expectations set out in the White Paper. Felt to be higher risk issue also due to lack of commitment/investment in LSP and other partnerships by the organisation in the past.

Limited awareness of LAA within Council and amongst stakeholders   `18`

Cause - If LAA's stakeholders do not buy-in to it and have a comprehensive understanding of its

Consequence - This could affect the Council's reputation and have a detrimental affect on the CPA

Controls	Owner
Agreed approach with the Partnership's Executive Delivery Board	Roger Ranson
Communication with CMT	Roger Ranson
Communication with Members	Roger Ranson

Conclusion	Treat

Actions	Due Date
Partnership launch event	24/09/08

Lack of agreement of ownership for performance information and management   `18`

Cause - An uncertainty between partners as to who was leading on certain indictors. A lack of action plans to achieve outcomes.

Consequence - There will be financial penalties for not achieving targets and affects to our reputation in the eyes of the partners and central government. This could have greater repercussions in the future once we move to the CAA inspection regime..

Controls	Owner
Work programme	Roger Ranson
Working relationships within the LSP	Roger Ranson
Agreed process for distribution of LPSA2 monies	Roger Ranson

Conclusion	Tolerate

KCR 0009 - Failure to coordinate significant programmes of change

Organisation fails to coordinate and manage a range of interlinked corporate initiatives that are designed to change the way in which the organsiation operates and behaves. These include easy@york, Admin accom and a range of supporting projects. Failure to coordinate change activity will lead to difficulty in resourcing multiple strands of activity, may lead to actions being missed and ultimately not to being able to occupy Hungate.

KCR 0010 - Failure to ensure Business Continuity

The Council has a duty to ensure the continuity of its services to residents and customers. Business continuity plans should act as mitigating controls capable of reducing the impact of specific risks such as fire, flood or loss of staff. The lack of these plans reduces the Council's ability to respond and increases the level of exposure to associated legal, financial and reputational risk.

	RES	CS	NS	CE	LCCS	HASS
1. Inability to ensure staff welfare	13	18	13	9	18	14
2. Inability to contact staff	19	18	14	8	12	12
3. Inability to provide statutory services	19	9	19	13	18	12
4. Inability to deliver services	9	13	14	12	18	13
5. Inability to prioritise & allocate resources	9	18	19	13	18	12
6. Failure to recover most time critical IT application	9	13	14	13	13	13
7. Increased staff costs	9	14	14	4	8	8
8. Increased accommodation costs	9	14	14	4	8	8
9. Increased equipment costs	9	15	14	4	8	8
10. Loss of data (hard copy)	9	14	14	18	18	9

Resources

2. Inability to contact staff   19

Cause - Lack of staff contact information held by some senior management and a failure to maintain those records we do have

Consequence - This could affect the business recovery and also attract negative press coverage

Controls	**Owner**
Death in service payment details	David Walker

Conclusion	**Treat**

Actions	**Due Date**
Complete BCP's for all Divisions	31/03/09

3. Inability to provide statutory services   19

Cause - If there is a lack of leadership in regards to Business Continuity across the organisation as a whole and/or a lack of knowledge of corporate BCP and how divisional plans feed into it.

Consequence - Inability to pay vulnerable people welfare benefits.

Controls	**Owner**
BCP in place for Revenues and Benefits Services	David Walker

Conclusion	**Treat**

Actions	**Due Date**
Identify the BCP co-ordinator for Revenues and Benefits Services	30/09/08

City Strategy

1. Inability to ensure staff welfare `18`

Cause - If the directorate does not have a system that informs them of who is at work on any given day and a major incident occurred they would not be able to ensure their staffs welfare because they would not know who is potentially affected by any given event.

Consequence - This may cause problems when trying to account for members of staff and in communicating with them.

Controls	Owner
Staff contact cards	Damon Copperthwaite

Conclusion	Treat

2. Inability to contact staff `18`

Cause - This could be caused if the directorate does not have an up-to-date contact list of all its members of staff.

Consequence - This will have an effect on the directorate ability to recover and continue its business. This will also impact on general staff welfare issues.

Controls	Owner
Business Continuity Plans for some service areas	Damon Copperthwaite

Conclusion	Treat

Actions	Due Date
Complete all service area BCP's	30/09/08

5. Inability to prioritise & allocate resources `18`

Cause - The directorate needs to consider the priority of services and how scarce resources could be allocated in the event of a major incident.

Consequence - This exercise, if undertaken after the event, could cause delays and affect the speed and cost at which the directorate recovers its business.

Conclusion	Treat

Actions	Due Date
Complete all service area BCP's	30/09/08

Neighbourhood Services

3. Inability to provide statutory services `19`

Cause - Service Areas do not currently have complete and updated BCP's

Consequence - Council would suffer reputational damage

Conclusion	Treat

Actions	Due Date
Complete Business Continuity Plans	31/12/08

5. Inability to prioritise & allocate resources `19`

Cause - As Business Continuity plans are not complete and the business impact assessment

Consequence - Potential delays to recovering the service.

Conclusion	Treat

Actions	Due Date
Complete BCP including analysis of staff resources required	31/12/08

Chief Executives

10. Loss of data (hard copy)   `18`

Cause - Most data held by the directorate is in hard copy only. A disaster could result in total loss of this information.

Consequence - Legal, HR and democratic services files could be lost and we would be unable to replicate the information and be unable to meet contractual or statutory deadlines and obligations.

Controls	**Owner**
Arrangements in place to receive copies from clients and archives etc	Quentin Baker

Conclusion	**Treat**

Actions	**Due Date**
Procure a case management system	01/04/09
Implement information governance system within directorate	01/04/09

Learning, Culture & Children's Services

1. Inability to ensure staff welfare   `18`

Cause - Potential difficulty in accounting for and communicating with staff.

Consequence - Reputational damage and potential litigation.

Controls	**Owner**
Emergency contact cards issued to all managers	Kevin Hall

Conclusion	**Tolerate**

3. Inability to provide statutory services   `18`

Cause - If the directorate cannot contact staff.

Consequence - This may cause problems in trying to continue the business.

Controls	**Owner**
DMT emergency response	Kevin Hall

Conclusion	**Tolerate**

4. Inability to deliver services   `18`

Cause - Key risk is potential loss of school through fire or asbestos.

Consequence - Short term loss of service whilst temporary provision is made on the site or students redirected to other schools.

Controls	**Owner**
DMT emergency response	Kevin Hall

Conclusion	**Tolerate**

5. Inability to prioritise & allocate resources   `18`

Cause - This could be caused if the directorate does not have an up-to-date contact list of all its members of staff.

Consequence - This exercise, if undertaken after the event, could cause delays and affect the speed and cost at which the directorate recovers its business.

Controls	**Owner**
DMT emergency response	Kevin Hall

Conclusion	**Tolerate**

10. Loss of data (hard copy)   `18`

Cause - If the directorate does not have back-ups for hard copy data.

Consequence - Staff records are kept on the premises and there are no other copies.

Controls	**Owner**
Fire cabinets	Kevin Hall

Conclusion	**Treat**

KCR 0011 - Failure to effectively govern and manage partnerships

Governance issues around the proper management of partnerships is not robust and leaves the Council open to a variety of potential problems and threats to the organisation. Implications for CPA UoR in 2006 and 2007 refresh exercises and knock on effect on the corporate CPA in 2008.

	WW	SYP	EP	LCY	Y@L	YE	IY	YOK	HC	FP	VY	SC	YPO
1. Unbudgeted financial liability to partnership	N/a	8	N/a	6	8	N/a	N/a	8	8	8	12	14	18
2. Inadequate governance arrangements	8	8	N/a	2	8	8	8	8	8	14	6	8	12
3. Failure to achieve stated outcomes	14	8	N/a	14	14	14	6	13	14	9	14	13	12
4. Failure to manage performance and add value	18	2	N/a	8	13	13	N/a	13	13	4	14	13	12
5. Inability to demonstrate stakeholder consultation	19	2	N/a	13	9	8	6	6	9	13	2	9	12
6. Inadequate medium term financial stability	N/a	14	N/a	19	N/a	N/a	N/a	13	14	13	15	20	9
7. Reputational impact of partnership activities	14	12	N/a	8	8	14	N/a	8	8	14	6	13	14
8. Ability to demonstrate Value for Money in use of funds	N/a	2	N/a	8	N/a	N/a	N/a	6	N/a	2	6	14	N/a

Without Walls

4. Failure to manage performance and add value — 18

Cause - If the lead partner does not implement an appropriate way of working, such as joint commissioning or another effective way of working in partnership, with all partners who have an input towards any given target.

Consequence - This could mean we don't achieve the 60% required to receive the performance reward. This could also adversely affect the partners CAA score in the new inspection regime, if it is perceived we are not working in partnership effectively. This would also have a reputational impact.

Conclusion **Treat**

Actions **Due Date**

Review of Strategic Partnerships 31/03/09

Without Walls

5. Inability to demonstrate stakeholder consultation — 19

Cause - This is a perception measure and can be very difficult to influence. Election turn out results are going down and in general, participation from the community is limited.

Consequence - With effect from April 2009 there is a statutory duty to involve the community in planning services. This is to be used as a success measure in the LAA. If we fail to do this, it could have a reputational

Conclusion **Tolerate**

Actions **Due Date**

Consideration of adopting the CYC Engagement Strategy by the LSP 31/03/09

WW = Without Walls
SYP = Safer York
EP = Economic Partnership
LCY = Learning City York
Y@L = York@Large
YE = York Environment
IY = Inclusive York
YOK = YorOK Board
HC = Healthy City
FP = Future Prospects
VY = Visit York
SC = Science City
CC = City Centre
YPO = Yorkshire Purchasing Organisation

Learning City York

6. Inadequate medium term financial stability `19`

Cause - Insecurity of funding streams, in particular from the LSC (Learning Skills Council).

Consequence - Loss of dedicated resource to service the partnership and this could result in an inability to progress the priorities of the board.

Controls

2008/09 Budget in place

Owner

Pete Dwyer

Conclusion

Tolerate

Yorkshire Purchasing Organisation

1. Financial liability to Yorkshire Purchasing Organisation `18`

Cause - There is possibility that no dividend will be paid in any given year.

Consequence - This would result in budget shortfalls across departments (~£135K).

Controls

Constitution controlling Governance of organisation
Representation on the management committee
Officer Group

Owner

David Walker
David Walker
David Walker

Conclusion

Tolerate

Science City York

6. Inadequate medium term financial stability `20`

Cause - A lack of external funding to undertake core activities in Science City York. Funding ends in March 2009.

Consequence - Impact on the local economy and potential issues in terms of staff.

Controls

Bid for European funding
Discuss with Yorkshire forward re continued funding

Owner

Roger Ranson
Roger Ranson

Conclusion

Tolerate

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Audit & Governance Committee   13 January 2009

Report of the Assistant Director of Resources (Customer Service & Governance)

Comprehensive Area Assessment & Use of Resources Assessment 2009

Summary

1   This report provides an overview of the Comprehensive Area Assessment (CAA), including the new Use of Resources Assessment and internal preparations which seek to address any risk areas that could affect the first assessment result in November 2009.

Background

2   CAA comes into effect from April 2009 onwards and will be the main external assessment process which the government will use to assess local authorities and the effectiveness of their Local Strategic Partnerships (LSPs). It will bring together seven inspectorates to provide an overview of how successful the council and LSP are working together to improve the quality of life in York – in particular those priority areas of improvement set out in the city's Local Area Agreement (LAA) and Sustainable Community Strategy (SCS).

3   Other key features of CAA are that:

- it will replace CPA, JARs, APAs and social care star ratings with an annual assessment identifying key risks to achieving priority outcomes or service delivery;

- the assessment will all draw on the new national indicator set, and will be heavily influenced by the views of residents and those using services (mainly through the 'Place Survey'). The new performance framework is made up 196 national performance indicators (NPIs), which are very different to the old statutory indicators (e.g. BVPIs, PAF, HIP), They are much more outcome focused and concentrate on what it's like to live and work in York.

4   The main change CAA brings compared to CPA is a shift away from service related performance to a focus on the local authority. CAA is more about delivering outcomes in partnership and:

- is about people and places;

- will give people a snapshot of life in York each year;

- will help improve quality of life in the York area;

- will help citizens understand if they are getting value for money from the Council and other partners.

5   Although the CAA process does not formally commence until April 2009, in reality it has started already as the 2008 LAA and the 35+ targets will be the main focal point for the assessment and the national performance indicator results for 2008/09 will be used in next year's inspection. The new Use of Resources assessment will cover the current financial year with fieldwork commencing in the spring of 2009.

The two assessments of CAA

6   CAA will have two main assessments that will (through shared evidence), inform each other to produce an overall set of results for the council, its LSP partners and the area they manage. The first is called the ***Area Assessment***, which will examine how effectively local services are delivering priority outcomes for local people (e.g. economic prospects, community safety, etc), and how these are likely to improve in the future.

7   The second is called the ***Organisational Assessment*** and is primarily aimed at the council, although other key LSP partners will also be assessed separately. This assessment is made up of two themes (***Use of Resources and Managing Performance***), which examine the council's organisational effectiveness using 12 KLOEs (Key Lines of Enquiry). Where appropriate, additional risk-based assessments may also be carried out in areas where performance or improvement levels are not satisfactory or declining.
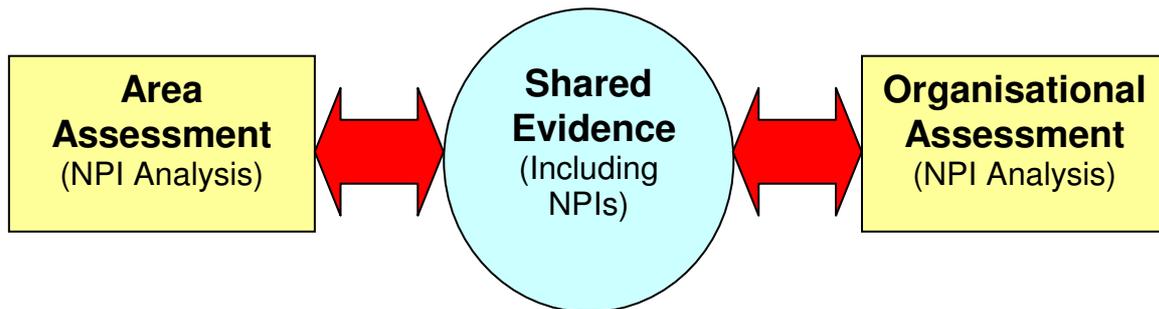
8   Working closely with LSP partners, the council will be expected to produce evidence to help support both assessments. Failure to do this effectively will extend the inspection process and place a reliance on the external inspectors to investigate further on the council's behalf.

The Area Assessment

9   The area assessment will focus on three main questions:
    1.   How well do local priorities express community needs and aspirations?
    2.   How well are the outcomes and improvements needed being delivered?
    3.   What are the prospects for future improvements?

Further detailed questions underpinning these main themes are listed in Annex 1 to this report.

10   The broad canvass that these three questions give the inspectors, and the more free flowing approach to the inspection process that CAA provides, with a shift away from policy/process and compliance to a more outcome focused approach, is reflected in the following extract from the recent consultation document:

"Taking the area covered by the LAA as the starting point, by 'area' we mean the scope of any outcomes the council is delivering alone or in partnership with other public, voluntary, community or business organisations. The assessment will trace the focus and scope of any agreed local target. It will 'shrink' to trace progress in particular neighbourhoods or communities, or expand to cover MAAs and sub-regional agendas, as appropriate."

11   The Area Assessment aspect of CAA will be reported in two ways. Firstly by a narrative/report that is web based and publicly accessible that focuses on: key priorities, overall successes and challenges, and a summary of prospects. Secondly by giving 'flags' to an area as follows:

- Green flags – to recognise exceptional successes and achievements of local partnership.

- Red flags – to indicate where current arrangements are inadequate to deliver the necessary improvements and that more or different action is needed AND where the inspectors are not satisfied that sufficient corrective action is being taken.

Organisational Assessment

12   The organisational assessment will focus on how well the council delivers value for money in the way it uses its resources and manages performance. The assessment is designed to ensure councils are held accountable for contributing effectively towards the delivery of the Local Area Agreement and other regional improvements (e.g. the MAA).

13   The assessment uses 12 KLOEs under 4 key themes :

1. Managing finances – looking at how effectively the council manages its finances to deliver VFM:
1.1 Planning for financial health.
1.2 Understanding costs and achieving efficiencies.
1.3 Financial reporting.

2. Governing the business – examining how well the council governs and commissions services that provide VFM and deliver better outcomes for local citizens:
2.1 Commissioning & procurement.
2.2 Use of information.
2.3 Good governance.
2.4 Risk management & internal control.

3. Managing resources – examining how well the council manages its natural resources, physical assets and people to meet current/future needs and deliver VFM:
3.1 Natural resources.
3.2 Strategic asset management.

3.3 Workforce planning and management.

4. Managing performance – examining how well the council delivers services, outcomes and sustainable improvement according to local priorities, including whether it has the leadership, capacity and capability to meet future improvement requirements:

4.1 Delivery of priority outcomes.

4.2 Leadership, capacity and capability.

14 Although some of the criteria above are similar to the previous Use of Resources assessment and some Corporate Assessment KLOEs previously covered under CPA, many are considered to be new or have been changed to focus on delivery from a wider partnership perspective (e.g. KLOE 1.1 asks the council to engage local communities and other stakeholders in the financial planning process).

15 There will still be scored judgements in a familiar format of Levels 1 to 4 used previously, however there will be clear expectations and standards set that mean a Level 2 reflects that the council has 'got the basics right' and at Level 3 the Council is 'performing well'. It is anticipated that many councils that previously scored '3' in the old Use of Resources assessment will score a Level 2 in the new assessment.

Timetable

16 The table below shows the timetable for introducing CAA.

What	When (2009)
First Place Survey results for York available	February
Final CAA methodology published	Late February
CAA inspection process starts	April
York's 2008/09 NPI results are collected and reported	May
First CAA judgement for York	November

Preparations and next steps

17 Advice received to date suggests that the council should:

• Start preparing early.

• Carry out a locality self assessment as soon as possible

• Prepare an information base that tells a 'Story of Place' that is recognisable to all key stakeholders.

• Understand that this is a new process for all and build positive and constructive relationships with inspectors early.

• Make sure that there is a mind set that allows councils and partners to performance manage themselves and build the infrastructure needed to support this.

• Check now the likelihood of outcomes in the SCS and LAA being delivered.

• Improve partners and elected members understanding of CAA.

18   The steps that are being taken include the following:

- A senior level CAA Steering Group has been established by the Director of Resources, including key partners, to oversee progress associated with achieving the requirements of the two assessments.
- Directorates are making the transition to monitoring the new national performance indicator set, in line with a recently revised corporate Performance indicator schedule.
- CMT and the Executive will receive performance and finance reports on a regular, consistent and timely basis, which will demonstrate performance of critical performance indicators, particularly those associated with council and SCS priorities.
- Corporate officers will be working with directorate based officers to start reporting more contextual data about the city and the improvement outcomes the council is wanting to achieve. This includes the following:
    - all Place survey data (satisfaction & perception);
    - high-level equalities data, which directorates may also need to collect at a disaggregated level;
    - other data about the city and communities (in addition to that collected for priorities). This might include key areas of quality of life in York .
- The Assistant Director of Resources (Customer Service & Governance) is in the process of identifying responsible officers and reviewing performance against all KLOE areas in the new organisational assessment. An action plan to help address low scoring areas will be developed over the short-medium term.

Consultation

19   CMT have received a version of this report. This is the start of the member consultation process and the report will be presented to the Executive in early February 2009.

Options

20   Not relevant for the purpose of the report.

Analysis

21   Not relevant for the purpose of the report.

Corporate Priorities

22   This report contributes to the overall effectiveness of the council's governance and assurance arrangements, and its particular relevance to the new Organisational Assessment (Use of Resources) within the CAA process.

Implications

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

Risk Management

24   By not complying with the requirements contained in this report, the council's CAA and Use of Resources scores in future assessments could be adversely affected

Recommendations

25   To note the requirements of the new Comprehensive Area Assessment and recognise the work ongoing to meet the requirements of the new process.

Reason
To ensure the Committee is aware of new corporate inspection processes and associated requirements, in order to ensure that future assurances can be gained in relation to, in particular, the Organisational Assessment (Use of Resources).

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Report Approved √   **Date** 31 December 2008

Specialist Implications Officers

Not applicable

Wards Affected: **All** √

For further information please contact the author of the report

Background Papers:
None

Annex:
Area Assessment Questions

Area Assessment Questions

To answer the question *"How well do local priorities express community needs and aspirations?"* **inspectorates will explore**:

- How well local partners understand their diverse communities ?
- How well do they engage with, involve and empower local people (including the third sector)?
- How well do local people feel they are listened to?
- Does engagement encompass all communities?
- Are priorities in the SCS and LAA sufficiently appropriate and ambitious to meet the locality's challenges and context?
- Are ambitions appropriately stretching?
- Do they take account of national priorities and standards, inequality in the area, the needs of the most vulnerable members of the community, local needs analyses and weigh up the views of local stakeholders?

To answer the question *"How well are the outcomes and improvements needed being delivered?"* **inspectorates are likely to make their assessment and judgements based on 10 critical questions/judgements for the area**. Namely:

- How safe is the area?
- How healthy and well supported are people?
- How well kept is the area?
- How environmentally sustainable is the area?
- How strong is the local economy?
- How strong and cohesive are local communities?
- How well is inequality being addressed?
- How well is housing need met?
- How well are families supported?
- How good is the well-being of children and young people?

These questions will primarily focus on the SCS and LAA but also integrate judgements about how well outcomes, services and improvements are being achieved where inequality and risk to individuals is greatest.

To answer the question *"What are the prospects for future improvement"* **inspectors will combine evidence from questions 1 and 2 to explore:**

- Whether local partners have the capacity and capability to deliver their ambitions, strategies and plans?
- Are local partners taking adequate action to manage, mitigate or address any concerns and risks that may have been identified either by locality self assessments or inspectorates?
- Are local partners engaged in any exceptional innovative practice, which has been, or promises to be successful and which others might learn from?
- How well is improvement planning being implemented (including whether key objectives and milestones are being achieved)?
- Are there any significant weaknesses in arrangements for securing continuous improvement, or failures in governance, that would prevent improvement levels being sustained?

Agenda Item 10

CITY OF **YORK** COUNCIL	
Audit and Governance Committee	13th January 2009
Report of the Assistant Director (Customer Service & Governance)	

Data Quality Policy and Progress Report

Summary

1. The report presents a draft corporate Data Quality Policy for the Committee's consideration and outlines the progress made towards implementing the Audit Commission's recommendations from January 2008.

Background

2. In recent years there has been an increasing requirement for councils to have robust, clear and effective data quality policies in place to ensure data quality is considered every time key decisions are made and to drive performance improvement.

3. Last year the council's overall management arrangements for ensuring data quality were assessed by the Audit Commission at Level 2 (adequate) and an action plan was developed to move to Level 3 (good) by addressing the Audit Commission's recommendations. There were key areas identified for improvement in terms of organisational ownership and accountability for data quality and the need to strengthen the Council's senior level commitment to the importance of data quality.

4. The Audit Commission have made it clear that they view data quality as important given that much of what the council decides to improve, and how well it says it is performing, is dependent on the foundations of accurate data and information. This affects all aspects of performance management including the CPA/CAA assessments, achieving the corporate priorities and the Local Area Agreement. Data Quality is also a theme picked up in the Single Improvement Plan.

Audit Commission Recommendations

5   Below are the recommendations provided by the Audit Commission to improve the quality of data across the council:

R1	Raise the profile of data quality and develop a high level commitment to improving data quality.
R2	Integrate data quality guidance and procedures within the performance management framework.
R3a	Develop corporate arrangements for assuring the quality of data for in-year reporting.
R3b	Implement arrangements for assuring the quality of data for in-year data.
R4	Review and specify lead officer roles and responsibilities for corporate and directorate performance collection and reporting.
R5a	Establish a system to monitor the consistency of application of existing data quality procedures.
R5b	Implement a system to monitor the consistency of application of existing data quality procedures.
R6	Strengthen data quality review and reporting arrangements and in particular reporting of outcomes to senior officers.
R7	Identify third party information sources and formalise arrangements for specifying, collecting and validating data from external third party sources.

Data Quality Policy

6   Key to the council's response was the development of a draft corporate Data Quality Policy to embed existing good data quality arrangements and to emphasise the importance of ownership of data quality at all levels across the organisation in particular at a senior level.

7   The draft Policy set out at Annex A, aims to address all of the recommendations set out above and provides a framework within which officers can work in. The council needs to have the right data, at the right time, at the right cost. It has many good working practices in place but to get a consistent approach across directorates, the Policy aims to:

- outline a corporate vision including governance and leadership;
- embed the fundamental principles of data quality across the organisation;
- embed the three stage data quality process including roles and responsibilities;
- identify current knowledge and training needs;
- set out the council's data quality standards;
- develop a systems integrity framework.

Progress made to date

8   The draft Policy was taken to Directorate Management Teams (DMTs) between September and October 2008 to introduce the key elements and to agree a way forward for each directorate in terms of:
- who would take the lead;
- which indicators they would like to assess;
- which information systems they would like to look at that hold data relating to key indicators; and
- how the policy will be reported back.

9   DMTs generally agreed with the key principles of the Policy but more work is needed to answer some of those questions above. All DMTs agreed to self assess their Local Area Agreement (LAA) indicators first, then look at the National Performance Indicators (NPIs) and other key internal indicators.

10   Regular progress reports will be discussed at either DMT or a designated forum in the directorates to continuously improve their approach data quality.

Data Quality Self Assessment – LAA and Local Indicators

11   Assessment of the 35 LAA and 13 local indicators began in November 2008 with the Performance Officer Group. Annex B shows the scores for each indicator using a template based on the Data Quality Self Assessment Matrix found at the back to the draft Data Quality Policy.

12   Initial Data Quality Scores (5 being good)for LAA and Local Indicators were as follows:

	Accuracy	Validity	Timeliness	Accessibility
LAA Indicators Average	**3.97**	**4.07**	**2.90**	**3.55**
Local Indicator Average	**4.00**	**3.67**	**4.00**	**3.25**
LAA scoring 1-3 (of 35)	**7**	**5**	**22**	**11**
Local scoring 1-3 (of 13)	**3**	**3**	**2**	**5**

13   Analysis of where there is reliance on external data or a local partner:

Reliance on:	External Data	Local Partner
LAA Indicators (of 35)	**25 (71%)**	**13 (37%)**
Local Indicator (of 13)	**8 (62%)**	**4 (31%)**

14   Below is a summary of some of the key data quality issues arising from this early work:

14.1 <u>Accuracy:</u>
- Some survey data is voluntary therefore low participation can distort figures.
- Limited data sharing agreements set up with local partners.
- Data has to be "cleaned up" due to complicated collection arrangements.
- Assumptions or human judgement that rely on different people cause fluctuation.
- Seasonal variations not being addressed.

14.2 <u>Validity</u>
- Counting rules not being released or being to complicated.
- Limited knowledge within service about indicators and how they are calculated.

14.3 <u>Timeliness</u>
- LAA information that relates to surveys or those only supplied on an annual basis.
- Many figures are not released until finalised and verified which can cause delays to directorate and corporate performance reporting.
- Sometimes data is up totwo2 years out of date due to the way they are counted.
- Limited trend data due to indicators being new or limited supply from external source.

14.4 <u>Accessibility:</u>
- External data supplied by partners or government agencies either does not come with enough detail or is difficult to get a hold of.
- Information which is available on requested limits access or causes delay.
- Licences on software products either not provided or too expensive.
- Websites with limited access.

14.5 <u>External and Local partners:</u>
- A high proportion of indicators rely on external information (70%).
- Over a third of information comes through partners and the relationship with partners needs to be continuously improved.
- A major problem with partner data is that it will only be available once national information is verified and uploaded to the data exchange hub. Whilst this is currently not being , it is planned for the future.

15.   Some actions are in place to combat some of these problems and each DMT (or a designated forum) will have to look into these assessments in more detail to take further action where needed. Below are some of the areas they will need to consider:

- improve data sharing with partners to improve timeliness and accessibility to data, eg. have more data sharing arrangements recorded;

- decide for which indicators the frequency of reporting needs to change due to changes in directorate priority or strategic importance;

- improve the amount of trend data available;

- improve the release of provisional data (e.g. estimate year end figures);

- improve short term data when information is only available annually. Carry out local surveys or analysis to identify potential problems;

- improve the level of knowledge within service and directorate about the indicators.

Further planned improvements

16   Group discussion with the Performance Officer Group and Internal Audit between October and November 2008 led to the creation of an 'information systems integrity check framework' which will commence in 2009. The aim is to ensure that all relevant information systems are reviewed on a regular basis to ensure collection and recording of data within such systems is of appropriate quality.

17   Other planned improvements include:

- assessment of other indicators including NPIs and key information;
- roles and responsibilities review of officers who deal with performance data to develop greater understanding of how performance data produced across the different directorates;
- review of additional recommendations recently received by the Audit Commission for 2008/09 which include:
  - incorporating data quality into appraisals and job descriptions;
  - design and deliver training to performance officers;
  - strengthen partner arrangements;
  - incorporate risk in collection arrangements.

Consultation

18   The draft Data Quality Policy has been written in consultation with:
- the Performance Officer Group,
- the Internal Audit team,
- the Data Quality Champion (Terry Collins, Director of Neighbourhood Services),
- the Corporate Management Team, and
- the Audit Commission.

Options

19 The Committee can choose to:
- accept the draft Data Quality Policy as presented for onward approval by Executive;
- suggest amendments to the draft Policy for onward approval by Executive;
- reject the draft Data Quality Policy taking into account the risk implications outlined in paragraph 22 below.

Corporate Priorities

20 Since all corporate priorities are assessed through key performance indicators then it is vital that the Data Quality Policy is followed to produce reliable, accurate, timely and accessible data.

Implications

21 (a) Financial – there may be some financial implications due to actions required to solve data quality problems identified through use of data quality toolkits.

(b) Human Resources (HR) – there are no HR implications

(c) Equalities – there are no equalities implications

(d) Legal – there are no legal implications

(e) Crime and Disorder – there are no crime and disorder implications

(f) Information Technology (IT) – there maybe some IT implications depending on the results of systems integrity checks.

(g) Property – there are no property implications.

(h) Other – the implications of not addressing data quality issues are widespread and could lead to a poor Corporate Assessment in CAA and unreliable data which crucial decisions are based.

Risk Management

22 The Audit Commission has identified the following risks of not addressing weaknesses in data quality:
- information could be misleading;
- decisions may be flawed;
- resources may be wasted;
- poor services may not be improved;
- and policy may be ill-founded.

Recommendations

23 The Committee are asked to agree the following:

(a) to endorse the draft Data Quality Policy for onward approval by Executive.

Reason: To raise the profile of data quality, develop a high level commitment to improving data quality and ensure a consistent approach.

(b) to agree to monitor progress through annual reports.

Reason: To strengthen data quality review and reporting arrangements and in particular reporting of outcomes to senior officers and members.

Contact Details

Author:	Chief Officer Responsible for the report:		
Nigel Batey Senior Performance Management Officer Resources Tel No: 01904 552047	Chief Officer's name: Pauline Stuchfield Title: Assistant Director of Resources(Customer Service & Governance)		
	Report Approved ✔	**Date**	*24th December 2009*
	Report Approved *tick*	**Date**	*Insert Date*
Specialist Implications Officer(s) *Not applicable*			
Wards Affected:		**All**	✔
For further information please contact the author of the report			

Annexes

Annex A: Draft Data Quality Policy

Annex B: LAA self Assessment Scores.

Background Information

Review of Data Quality Arrangements 2007/08 – Audit Commission

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City of York Council

Data Quality Policy

Contents

1   Introduction

Purpose

1.1   This Data Quality Policy is intended to help the Council and its staff to improve the quality of the information they use to plan and monitor service delivery and improvement. Its main purpose is to:

- clarify what data quality is and why it's important.

- set out the 4 standards of good data quality to ensure they influence the council's corporate business model.

- ensure these standards are delivered in the context of a 3 stage data quality process.

- clarify roles and responsibilities for data quality throughout the organisation

- provide a framework to assess, review and improve the quality of performance indicators and decision-making across the council.

1.2   This Policy primarily focuses on the data underpinning performance indicators. However, it can also be used to improve 'management information' used more widely, both at service and corporate levels of the organisation.

What is data quality & why is it important?

1.3   Data and information is everywhere, but how often do we consider how accurate it is or where it has come from? Data quality relates to the accuracy of information used to judge performance or inform business decisions. This can include simple data from processes or systems, performance indicator results, information about key actions and projects, or high level collective results about an organisation (e.g. our CPA score).

1.4   Producing data that is fit for purpose should not be an end in itself, but an integral part of an organisation's operational, performance management, and governance arrangements. We need to put data quality at the heart of our performance management and decision making, so we are more likely to be actively managing data in all aspects of day-to-day business, in a way that is proportionate to the cost of collection, and turning the data into reliable information for decision making.

1.5   The council is committed to excellent data quality in all of the information it uses to assess performance. This is particularly important because:

- we need it to support continuous improvement and more effective use of resources.

- good data quality is crucial to support effective decision-making – not just in terms of performance management, but also business and strategic planning.

- it helps us provide high quality information to the public, government departments, auditors, and our partners.

- it allows councillors, partners and service users to make objective judgements about the quality of the services the Council delivers.

- it is required to show how well we are performing in comparison to other local authorities. This can also aid effective benchmarking.

<u>Who needs to read this policy?</u>

1.6 This document is aimed principally at those officers who collect, analyse and report performance data (e.g. service managers, directorate performance officers, etc). However, this policy is also useful for those at the very front and end of the reporting process, namely:

- the staff who complete forms or enter data into business systems.

- those who receive the data and management information (e.g. CMT, Executive members, assistant directors and service managers).

1.7 This document should also guide our LSP partners who regularly submit and receive performance data and management information from and to the council to support joint service delivery, the Sustainable Community Strategy and the Local Area Agreement.

2 Data Quality – national and local context

2.1 The council needs to be accountable for the public money we spend and the information we produce about performance and improvement must therefore be accurate, reliable and timely. As a result, our data quality arrangements are audited annually to check:

- that the performance results are calculated accurately, given that our performance is compared to other unitary authorities (e.g. quartiles) and large amounts of government funding is now linked to our performance.

- that we have adequate arrangements in place to manage the council effectively and make key decisions.

2.2 To help do this effectively, the Audit Commission has developed a framework to help improve data quality in local government. This framework provides the basis of the Key Lines of Enquiry (KLOEs) that are used by external auditors to assess the effectiveness the council's data quality arrangements.   The overall corporate scores that the Council receives for data quality feed into the government's Comprehensive Area Assessment (CAA) process - previously CPA.

2.3 Data Quality forms an integral part of the Council's broader corporate performance management framework. In the past, the quality of performance information was seen as a compliance event, once a year, when the year-end outturns get produced.

2.4 This policy builds on these arrangements to make data quality an integral part of the way we use data throughout the year (e.g. for monthly and quarterly reporting and other reports to EMAP, CMT, Executive, the WoW Executive Delivery Board, etc).

3 The City of York Council's commitment to data quality

3.1 If data quality is to be sustainable and consistent through the council, it must become an integral part of our business culture. This means considering data quality in everything we do and report.

3.2 So how will we know when we have achieved this? The council has established a clear vision of what this will mean in practice:

- there is a strong demand for high quality performance and management information from the officers and members who rely on it to inform and improve their decision-making. Data quality is not seen solely as a compliance issue.

- we are able to provide robust and timely evidence to demonstrate the accuracy of our data and information. This is mainly produced for our own business purposes, but can also be used by auditors as a by-product.

- we have efficient processes and procedures in place to produce performance information – which happens naturally, rather than in addition to normal working. The Council continually seeks to improve these processes whilst ensuring that efforts to improve data quality are proportionate to the benefits the information delivers.

3.3 We are committed to becoming an organisation that puts data quality at the heart of performance management to help us actively managing data in all aspects of our day-to-day business.

4 The 4 standards of data quality

4.1 There is no designated process or standard procedure that can easily be applied across the council to ensure consistency of data quality. Every directorate, service area or corporate forum will have different information requirements to one degree or another.

4.2 However, although the information requirements may vary, the need to receive good quality data remains. It's therefore important to consider 4 key characteristics (or standards) of good data quality.

The 4 standards of good data quality	
1. Accuracy	Data should be sufficiently accurate for its intended purposes and presented clearly in the appropriate level of detail. Ideally, data should only be captured once, although it may have multiple uses (COUNT – Collect Once Use Numerous Times). Accuracy is most likely to be achieved if data is captured as close to the point of service delivery as possible. Information that is based on accurate data provides a fair picture of performance and should enable more effective decision-making and resource allocation at all levels of CYC. The need for accuracy however, must be balanced with the importance of the uses for the data, and the costs and effort of collection. For example, it may be appropriate to accept some degree of inaccuracy where timeliness is important. Where compromises have to be made on accuracy, this should be made clear to those who receive or use it.

2. Validity	Certain data may need to be recorded and reported using a set of compliance requirements (e.g. to specific calculation rules or definitions). This will ensure consistency between the period covered and when we compare our performance with similar councils (e.g. Unitary quartiles). It's also important to source data/information where this is possible, to show that it has come from a formal document, report, website or system.
3. Timeliness	Data should be captured as quickly as possible to ensure it is available for review within a reasonable time period. Data must be available quickly and frequently enough to support effective performance management and to allow corrective action to be taken before a financial period ends.
4. Accessibility	All relevant data and information should be accessible to users via on-line information systems – and as soon as it becomes available. It should be presented under simple definitions that are proven to be understandable to the layperson. Data/info that shows poor performance should not be hidden or be inaccessible, whilst the issue is reviewed.

4.3 In practice, these standards need to be applied as consistently as possible depending on the importance and intended use of the information being provided.

4.4 A self-assessment matrix is available to help you review your current data quality arrangements (see section 10 of this policy – 'tools & templates'). Depending on your result, actions to improve one or more of the 4 areas may need to be delivered. All directorates should continue to make improvements until they are scoring 4 or 5 across the matrix.

5 The 3 stages of data quality improvement

5.1 To help understand how you can practically apply data quality standards within our performance reporting procedures, a 3-stage checking process has been developed (see table below). This starts with initial data collection and ends with analysis and reporting.

5.2 This 3-stage process has successfully been used to improve data quality for the collection of year-end performance outturns. However, it can be applied to any performance indicators or key actions/projects.

Stage 1: data collection and input

This stage covers:
• initial data generation (i.e. physical recording of info/data), often done by front line services through filling forms or simply recording results.
• inputting data into a document, spreadsheet or system.
• a survey or review of a particular issue or area.
• gathering feedback from someone or a group, on progress of a particular project or action.
 	
Please note that in terms of key systems, this stage just covers raw data, not the calculation formula for an indicator (accepting that some systems do simple automatic calculations to work out duration times).
 	
Key areas which you can carry out quality assurance checks here are:
  ✓ Collection and recording procedures (including forms or templates).
  ✓ Regular integrity checks on your key systems (i.e. do the print outs/reports tally back to what really happened? Are procedures in place to check post collection/input changes?
    (see section 6 of this policy for more details).
  ✓ Checking that project or action plans have been developed to support delivery. These could include original milestones or deadlines that are important for reporting progress.
To help with this process toolkits and templates will be developed further by the Performance Officer Group.

Stage 2: calculation & evidence gathering

This stage involves gathering information to help calculate a performance result or set a target. It's probably easier if we think about this in terms of filling in an actual or target proforma for year-end statutory indicator outturns (e.g. NPIs). However, directorates should also introduce more simplistic checking procedures to check that data is being calculated correctly and consistently throughout the year. In many cases, this may only need to be a series of sample checks throughout the year.

The first step is to gather information from a series of documents, a system or spreadsheet and use this to help calculate an answer. Of course the information used also plays a vital role as working papers or audit trail evidence.

Key areas which you can carry out quality assurance checks here are:
- ✓ Making sure staff involved in data calculation and evidence gathering have access to the most up-to-date guidance and regulations? Click here for current government guidance - National Guidance
- ✓ The completion of outturn and target proformas for year-end performance.
- ✓ The collection and storage of data quality evidence (e.g. source information, working papers, reports printed from systems). Making sure officers regularly source and gather evidence for the data and information they produce will improve the 'accuracy' and 'validity' of data (see section 7 of this policy). These documents can also be provided as clickable links in reports in case stakeholders want to understand the background of performance and management information better.

Stage 3: analysis & reporting

Once data/information has been collected and performance has been calculated, it will be necessary to review and analyse the results prior to reporting. This is actually the most difficult part of the 3 stage process to check as it relies on the interpretation of the people doing the reporting.

It is commonplace for the same data or information to be reported completely differently, depending on the way you look at the available data. The audience you are reporting to, or the sensitivity of the issue being reported, can often influence this. **However, the most accurate and realistic position on an area of performance and service delivery must always be reported.**

Effective performance management is reliant on this. Its main purpose is to identify areas that need to be addressed to ensure we deliver the improvement we have promised in strategies and plans. Hiding or putting a positive slant on questionable performance improvement will eventually be uncovered at the end of the year - when it's too late to take corrective action or gather corporate support.

Key areas which you can carry out quality assurance checks here are:
- ✓ Continuing to make improvements to score a 4 or 5 under the 'accuracy' and 'validity' standards. If achieved, this will improve the quality and consistency of analysis for reporting.
- ✓ Year-end templates and proformas (which require 'significant variance' and 'continuous improvement' analysis).
- ✓ Regularly sourcing data and information within reports.

5.3 The 3-stage process highlights the importance of considering data quality early on. If there are problems at the collection and input point, any further use of the data will be compromised (this is supported by the GIGO principle - garbage in, garbage out).

Evidence and records

5.4 You will need to produce clear and concise evidence to demonstrate that data assurance procedures are in place for all 3 stages. These will also be useful in terms of demonstrating improvement for the standard's self-assessment matrix. They will also be crucial for the annual data quality inspection process, carried out by the Audit Commission (see section 9 of this policy).

5.5 A shared area has been set up on the council's V:drive to act as a central reference point for data quality proformas, templates, evidence and records. If you require further information on how to use this, or simply want more clarity on

the different stages of quality assurance checking, please contact your directorate performance officer.

Applying risk to data quality

5.6 Risks should be identified when looking at data quality. It's important to know what the potential problems might be with data/information collection and what can be put in place to reduce these risks. Some examples include:

- small cohorts, which are not statistically viable enough to represent a larger population or can cause significant variances that don't represent real improvement or decline in performance.

- technically complex PI definition/guidance.

- statutory indicators that have been qualified or regularly recalculated in previous data quality audits.

- inexperienced staff involved in data processing/PI production.

- establishing a measurement process or system for a new indicator.

- projects or actions that have no deadlines or milestones.

6 Checking system integrity

6.1 The vast majority of the performance data and management information the council uses comes from a number of key systems across the organisation (e.g. Dephi, EXOR, SERVITOR, FMS, SX3, RAISE, etc). An effective way of improving data quality at stages 1 and 2 of the process is to carry out 'systems integrity checks' on these systems at specific intervals throughout the year.

6.2 This involves carrying out 2 to 3 in-year sample audits of your key information system, by conducting a thorough examination of a system output, such as a report. For example, quality checks can be carried out by tracking records or data from a report back to the source documents, originally inputted into the system. Any errors can be rectified and audit trails kept for reference. These files can then be presented to auditors if particular indicators that use the system are inspected. This type of procedure can yield significant data quality rewards for a modest effort.

6.3 Regular systems integrity checks are also crucial where information is produced to support high-risk data, such as adult/children social services and benefit payments.

7 Sharing and sourcing data (not complete)

Sharing data with and getting data from partners

7.1 Under the government's new framework of National Performance Indicators (NPIs), local authorities will be required to collect, analyse and report performance in partnership. We may also need to report progress on joint projects or actions as the LSP becomes more established.

7.2 This will require us to share (send and receive) more data and information with key LSP partners and other contractors. The Executive Delivery Board will be

reviewing data quality standards over the next few months and this policy will updated once the review is complete.

Sourcing your data and information

7.3 A significant amount of data or information used for calculating and reporting performance and/or to support key business decisions in other reports, comes from other sources. These could include:

- data from official government websites (e.g. NOMIS, IMD, CIPFA, DEFRA, ONS, etc).

- regional statistics documentation (e.g. Yorkshire Futures).

- surveys or research (e.g. MORI statistics, The Resident's Opinion Survey, Talkabout).

A full list of popular data/information source references are shown in Annex 2 of this policy.

7.4 When reporting this type of information or when completing data quality templates and proformas, the data source should be referenced. This not only places the information into context, it also shows that it has come from a reputable or reliable source.

Data security

7.5 Security is a key consideration for certain types of data when we input, report and share information. The Data Protection Act and other key government legislation (e.g. Freedom of Information Act, Children's Act 2004) should be referred to and complied with at all times. Where data is confidential, but is still required by users, this should be made clear in the report and as a caveat for sharing the report with other stakeholders.

7.6 There is also a council policy on record management, which will also influence data/information reporting and sharing, and this can be viewed by clicking the following link.   <record management policy>

8 Roles & responsibilities

8.1 It's important that all stakeholders have clearly assigned and understood roles and responsibilities for data quality within the Council if this policy is to have an impact.

8.2 The table below provides headline information about these roles and responsibilities. However, these will need to be disseminated and delivered by directorates using an approach that suits the way their services operate and work.

Stakeholder	Roles and Responsibilities
Executive and CMT data quality champions	• Developing and driving forward the data quality improvement action plan. • Promoting the importance of data quality in performance management and decision-making when opportunities arise. • Provide a clear understanding of the data quality issues facing the council and regularly review progress.

Staff & service managers	• Application of data quality standards to performance indicators and projects/actions. • Regular review of performance guidance and other government department information. • Check accuracy of service level information and ensure compliance with internal / external definitions (e.g. National Indicator Set definitions) • Carrying out system integrity checks. • Take steps to minimise stage 1 errors (collection and input). • Report inconsistencies and problems to Managers or directorate performance officers
Directorate Performance officers / teams	• Act as Data Quality champions within directorates – providing guidance and support to services. • Identify performance data and actions, which are deemed to be strategically important – so the data quality standards can be applied more rigorously. • Ensure systems integrity checks are regularly carried out within directorates. • Promote the use of the data quality self-assessment matrix at service level. • Maintain and review data quality evidence, templates and proformas across directorates and within the council's shared v:drive.
Directors and Assistant Directors	• Ensure that performance indicators used to assess performance are of sufficient quality. Many of the problems experienced with data quality often start with poorly defined performance indicators and/or projects/actions. • Ensure key management information systems are reviewed regularly though systems integrity checking. • Provide visible leadership within a directorate on the need to continually improve data quality - driving forward improvement strategies on data quality and providing additional resource support where required.
PIET	• Manage the council relationship with external audit and work with internal audit to review progress on this data quality policy. • Produce and co-ordinate corporate proformas and templates, which support data quality. • Work closely with the council's data quality champion to improve and maintain the corporate framework for data quality.
Internal Audit	• Carry out regular audits of data quality across the council – working with the PIET to review the quality of data/information produced on high-risk performance indicators and actions. • Liaise with the Audit Commission to support the annual data quality audit process (pre – year end performance publication).
Councillors	• EMAP members need to reassure themselves that services have sufficiently robust systems in place to ensure good data quality for key management information.
Partners	• Consider the data quality standards within the Council, and provide support to improve these standards (as set out in Section 7). • Develop data sharing protocols as appropriate to ensure the timeliness and accessibility of data. • Improve the data quality of information used for reporting to the WoW Executive Delivery Board.

Note: We may need to add something for CMT/Executive on the governance and leadership role for data quality.

9 Data quality audits

9.1 Although the standards set out in this policy are needed to improve the way the council manages performance and makes key decisions, these standards also need to be delivered to help us demonstrate to external auditors that we have robust and effective data quality procedures in place.

9.2 Every year, between June and August, the Audit Commission carries out a formal audit of these arrangements. The standards, proformas, templates and supporting evidence mentioned in this policy will be used by the auditors to assess how good our data quality is and what improvements we have made since their last visit. The results of this audit influence the Comprehensive Area Assessment and the council's Annual Audit Letter.

9.3 Only statutory indicators (e.g. National Performance Indicators) will require year-end outturn and improvement target proformas to be completed. Audit trail evidence to support calculations and any significant variances in performance between previous years will also need to be produced. For more information about this audit and what role you need to play, please contact your directorate performance officer.

10 Tools and templates for data quality

10.1 To help support this data quality policy, a number of tools and templates are available to help deliver improvements or support compliance arrangements. These are all available online in the 'performance management and guidance' section of the council's intranet. Clickable references are set out below for those who are reading this policy in electronic format.

Self assessment matrix

10.2 This is set out in Annex 1 of this policy. Alternatively, you can click the following link to use the matrix online.   <Data quality standards self-assessment matrix>

Proformas and templates

10.3 Year-end performance outturn and 3 year target setting proformas, together with completed examples can be accessed by clicking here <outturn and target proformasn and guidance>

10.4 These may be reviewed by Internal Audit and the Audit Commission as part of the annual data quality audit process. Further templates may be added to this area as the improvements on corporate standards are made.

Statutory guidance

10.5 Government bodies such as the Audit Commission, DEFRA, DfEE and CSCI regularly produce guidance for statutory performance indicators. This can include:

- performance definitions and reporting parameters.
- methodologies for measuring and calculating performance.
- timescales for when measurement or surveys need to take place.
- references to other supporting guidance.

10.6 You should contact your directorate performance officer for a list of the guidance that is relevant to your directorate or service area. All statutory guidance is also available on the council's intranet and can be accessed by clicking the following link. <Statutory PI Guidance>

Key information about York and CYC

10.7 A significant amount of information used in performance management and other reports uses key local data. This includes:

- The population of York
- The BME population of York
- York's population by age group
- The number of children in York's schools
- The number of council house tenants in York

- The number of disabled people who live in York
- The number of households in York
- York's geographic area in KM2
- Staff numbers in directorates (FTE & headcount)
- The number of staff employed by the council (FTE & headcount)

10.8 This can change from year to year and it's therefore important that we use the same figures to calculate and report performance, or use this as contextual data for other reports. To make this easier this data is available on the council's intranet and can be accessed by clicking the following link <local data on York and CYC>

Further information & support

10.9 If you have any queries relating to this policy or other areas of data quality, please contact one of the following officers:

Peter Lowe (Policy, Planning & Improvement Team)
Tel: 552033   e-mail peter.lowe@york.gov.uk

Nigel Batey (Policy, Planning & Improvement Team)
Tel: 552047   e-mail nigel.batey@york.gov.uk

Self-assessment Matrix   **Annex 1**

Score	Accuracy	Validity	Timeliness	Accessibility
4 - 5	Data is of sufficient accuracy to meet the needs of all users. Any reported changes over a period of time are within statistical confidence intervals for the data set being reported. If a change in performance is due to special circumstances, this is clearly stated when the data or information is reported	Data is recorded and reported consistently under specific calculation rules or definitions. Comparative information is also shown, where available and our results are compared with similar councils or organisations, where possible. The source of data and information is referred to where available. The data/information is recognised by users as a *strong* measure of success for the area being reported.	The data and information is available quickly and frequently enough to allow rapid intervention or corrective action to take place by key staff and management. The data and information also refers to a period of time close to the date it is reported (e.g. performance for April to September is reported in early October).	The data and information is accessible to users via on-line information systems quickly and simultaneously. It is presented under simple definitions or descriptions that are proven to be understandable to the layperson. More data and information is available and accessible if stakeholders want to get behind the performance headlines.
2 - 3	The accuracy of the data is sufficient to provide an 'indicative view' of whether performance is improving, but there are still data gaps or statistical viability areas that need to be addressed.	Data is reported under a specific theme, but there is no formal guidance on definition or calculation. Comparative performance is only provided where the government provide it (e.g. quartiles) and data sources are inconsistently applied. The data is recognised by some stakeholders as a *useful* indication of improvement.	The data is produced in enough time to allow management to respond to problems, but delays to releases sometimes reduce the usefulness of the data or information. The data and information refers to data that is more than one month old (e.g. performance for April to September is reported in November or later).	The data is accessible to some stakeholders straight away, but there are delays before others can access it around the organisation. It's often presented in a format that requires further analysis to understand improvement in more depth and this is only available by request. The indicator definition is understandable to most lay persons with support
1	The data is mainly considered inaccurate and is not trusted by the Council or its partners.	There is no formal guidance on definition or calculation for this data and comparative information is not used and sources are rarely referenced. The data is not really valued by most stakeholders as an indication of improvement.	The data is released so late after the period it represents that it is useless for anything other than looking back at what actually happened.	The data is difficult to get hold of outside formal reporting periods and suffers from a complex definitions or the inability of stakeholders to relate it to areas of improvement or delivery.

NOTE: Assessments should be aimed at themed areas of improvement (e.g. Educational attainment, Street cleanliness, Housing repairs and maintenance, etc). These should be assessed in the context of how data or management information is used to assess progress or improvement. For example, assessing GCSE results would be done in the context of improving the attainment level of children at 16 years old.

<u>Useful data sources</u>   **Annex 2**

Please note: when the policy is complete these will be clickable links which will be reviewed and updated regularly.

Office for National Statistics (ONS)	Yorkshire Futures
CIPFA IPF	Yorkshire Forward
Index of Deprivation (IMD)	Yorkshire Tourist Board
NOMIS	Yorkshire & Humber Assembly
Ordnance Survey	Regional Climate Change Action Plan
Sport England	Joseph Rowntree Foundation
Audit Commission	Learning Skills Council
Land Registry	Higher Education Statistics Agency
Highways Agency	Health Development Agency
And so on……	

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Priority	Code	Indicator	Accuracy	Validity	Time-liness	Access-ibility	Average	Actions in place to address problems	Internal or External Data	Reliance on local Partner
Inclusive City	NI1	% of people who believe people from different backgrounds get on well together in their local area	4	4	3	4	4	Place Survey	Internal	No
Inclusive City	NI4	% of people who feel that they can influence decisions in their locality	4	4	3	4	4	Place Survey	Internal	No
Inclusive City	NI6	Participation in regular volunteering	4	4	3	4	4	Place Survey	Internal	No
Inclusive City	NI7	Environment for a thriving third sector	4	4	3	4	4	No	Internal	No
City of Culture	NI8	Adult participation in sport	5	5	2	5	4	Yes	External	No
Safer City	NI16	Serious acquisitive crime rate	4	5	5	5	5	Not Possible	External	Yes
Safer City	NI17	Perceptions of anti-social behaviour	Place Survey					Place Survey	Internal	No
Safer City	NI19	Rate of proven re-offending by young offenders	5	5	3	3	4	Not Possible	Both	Yes
Safer City	NI30	Re-offending rate of prolific and priority offenders	3	4	1	3	3	N/A	External	Yes
Safer City	NI38	Drug-related (Class A) offending rate	Delayed by a year						External	Yes
Safer City	NI39	Alcohol-harm related hospital admission rates	PCT						External	Yes
Safer City	NI47	People killed or seriously injured in road traffic accidents	3	3	4	3	3	No	External	Yes
Healthy City	NI56	Obesity among primary school age children in year 6	PCT					N/A	External	Yes
Learning City	NI81	Inequality gap in the achievement of a level 3 qualification by the age of 19	5	5	2	4	4	Not Possible	External	No
City of Culture	NI110	Young people's participation in positive activities	3	3	3	1	3	Not possible	External	No
Healthy City	NI112	Under 18 conception rate	5	5	2	5	4	Yes	External	No
Safer City	NI115	Substance misuse by young people	3	3	3	1	3	Not Possible	External	No
Inclusive City	NI116	Proportion of children in poverty	4	4	3	3	4	No	External	Yes
Learning City	NI117	16 to 18 year olds who are not in education, training or employment (NEET)	5	5	5	5	5		Both	Yes
Healthy City	NI120	All-age all cause mortality rate	PCT					N/A	External	Yes
Healthy City	NI130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	4	4	5	4	4	N/A	Internal	No
Healthy City	NI135	Carers receiving needs assessment or review and a specific carer's service, or advice and information	3	3	4	4	4	Yes	Internal	No
Healthy City	NI141	Number of vulnerable people achieving independent living	4	3	2	4	3	Yes	Internal	No
Thriving City	NI152	Working age people on out of work benefits	4	4	3	3	4	No	External	Yes
Inclusive City	NI155	Number of affordable homes delivered (gross)	5	4	2	3	4	Not Possible	External	Yes
Inclusive City	NI156	Number of households living in temporary accommodation	4	4	2	3	3	Yes	Internal	No
Learning City	NI163	Working age population qualified to at least NVQ level 2	4	4	2	4	4	Not Possible	External	No
Thriving City	NI165	Working age population qualified to at least NVQ level 4	4	4	2	4	4	Not Possible	External	No
Thriving City	NI166	Average earnings of employees in the area	3	4	3	4	4	Not Possible	Both	No
Sustainable City	NI167	Congestion - average journey time per mile during the morning peak	4	4	2	2	3	No	External	No
Thriving City	NI171	VAT registration rate	4	4	2	4	4	Not Possible	External	No
Sustainable City	NI186	Per capita CO2 emissions in the local area.	2	3	1	2	2	No	External	No
Sustainable City	NI187	People receiving income based benefits living in homes with a low energy rating	5	5	5	5	5	N/A	External	No
Sustainable City	NI191	Residual household waste per household	4	4	4	4	4	N/A	Internal	No
Sustainable City	NI197	Improved local biodiversity - active management of local sites	3	4	4	2	3	No	Internal	No
		LOCAL INDICATORS	Accuracy	Validity	Time-liness	Access-ibility	Average	Actions in place to address problems	Internal or External Data	Reliance on local Partner
Inclusive City	NI54	Services for disabled children	New indicator					N/A	External	No
City of Culture	NI57	Children's participation in PE and sport	New indicator					N/A	External	No
Learning City	NI102	Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stages 2 and 4	5	5	5	TBC	5	N/A	Internal	No
Safer City	NI 111	First time entrants to the Youth Justice System aged 10-17	5	5	4	3	4	Not Possible	Both	Yes
Healthy City	NI128	DELAYED - User reported measure of respect and dignity in their treatment	Delayed						External	Yes
Healthy City	NI139	People over 65 who say that they receive the information, assistance and support needed to exercise choice and control to live independently.	4	4	3	4	4	Place Survey	Internal	Yes
Learning City	NI164	Working age population qualified to at least NVQ level 3	4	4	2	4	4	Not Possible	External	No
Sustainable City	NI188	Adapting to climate change	2	1	4	3	3	No	Both	No
Learning City	LI 1 (CYP8.10)	% of pupils living in the 30% most deprived areas in the country (IDACI) gaining 5 A*-C	5	5	5	3	5	No	Internal	No
Thriving City	LI 2 (EDE1.4)	Maintain % difference between York and regional median and 25% percentile figures for residents pay	3	3	4	4	4	Not Possible	External	No
Healthy City	LI 3 (HCOP1.1)	Reduce health inequalities within the local area, by narrowing the gap in all-age, all-cause mortality	PCT						External	Yes
Sustainable City	LI 4 (BVPI 219b)	Conservation Area Appraisals undertaken	5	4	5	3	4	N/A	Internal	No
City of Culture	LI 5 (LLC14)	Adult (16+) participation in physical activity (5 times 30 mins)	3	2	4	2	3	No	Internal	No

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CITY OF
YORK
COUNCIL

Audit and Governance Committee	13 January 2009

Report of the Assistant Director (Customer Service and Governance)

Follow Up of Audit Commission Recommendations

Summary

1   This report sets out the action the Audit and Fraud Service is taking to follow up Audit Commission Recommendations and details of the progress made to date.

Background

2   Prior to September 2008, there was no overall system in place to monitor the progress made by services in addressing areas of weakness raised in Audit Commission reports. This has led to a situation where the council as a whole cannot be certain that such issues are being addressed. In September 2008 the Audit and Governance Committee asked that Internal Audit take on responsibility for following up action taken in response to Audit Commission recommendations and provide reports on progress to the committee.

3   Historically, Audit Commission reports have been issued directly to individual responsible officers and no central record of reports was held. Work has therefore had to be undertaken to identify all recent reports received, and obtain copies of them. For the future, the Performance & Business Assurance Team within Resources Group will be involved in liaising with the Audit Commission when reports are being finalised, and will maintain a record of reports and recommendations agreed. This will simplify further follow up work.

Follow up

4   The current exercise covers all Audit Commission reports issued since 2005/06. Each report has been reviewed to identify whether it contains recommendations requiring follow up. Where follow up work has already been undertaken by the Audit Commission, and updated recommendations have been issued, only the latest relevant recommendation has been followed up.

5   To date, 14 reports requiring follow up have been identified, containing a total of 86 recommendations.   A broad overview of results to date are contained in Annex 1.

6   Work is ongoing to identify what action has been taken in relation to each individual recommendation.   Internal Audit are in the process of reviewing the responses received and will be undertaking further testing where necessary to confirm the action taken.

7   A further detailed update on progress will be brought to the next meeting of this committee in late March 2009, as part of the regular six monthly internal audit follow up report. This will highlight any cases where it is found that the action taken in response to the original recommendation has been inadequate.

Consultation

8   Not relevant for the purpose of the report.

Options

9   Not relevant for the purpose of the report.

Analysis

10   Not relevant for the purpose of the report.

Corporate Priorities

11   Effective follow up of Audit Commission recommendations will help to enhance governance arrangements at the council and thereby contributes to improving organisational effectiveness priorities.

Implications

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

- **Finance**

- **Human Resources (HR)**

- **Equalities**

- **Legal**

- **Crime and Disorder**

- **Information Technology (IT)**

- **Property**

Risk Management Assessment

13   If the council does not address areas of weakness highlighted by the Audit Commission it will be failing in its responsibility to ensure effective governance arrangements and systems of control are in place, and this will have an adverse impact on the opinion of the Audit Commission as the council's external auditor.

Recommendation

14   Members are asked to:

- Note the progress made and the results of the follow up of Audit Commission recommendations.

    Reason

    To enable members to monitor the implementation of Audit Commission recommendations as part of their responsibility for governance arrangements at the council.

Contact Details

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Report Approved ☑ **Date** 23 December 2008

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 – List of Audit Commission reports and progress to date.

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List of Audit Commission reports and Progress to date.   **Annex 1**

Title of Report (Date)	Directorate	No of Rec's	Priority 1=low 2=medium 3=high	Status/Progress (from responses received to date)
Purchase of Building Maintenance Supplies (April 2008)	Neighbourhood Services	3	2x2 1x1	Implemented or in progress.
Your Business @ Risk (Sept 2007)	Resources	15	15 x 2	Recommendations relate to a number of service areas – the majority of recommendations relating to staff awareness of security risks are part of an on going awareness campaign via email, the Intranet and news and job articles. These will also feature within the revised ITT Handbook due for publication during the 1st quarter of 2009
Annual Governance Report 2007/08 (Sept 2008) *referring to* *Audit of Financial Statements 2006/07 (April 2008)*	Resources	6 9	4x3 2x2 2x3 4x2 3x1	Action Plan produced – see A&G Agenda 13.1.09.
Debt Recovery Arrangements - Follow Up Review (Sept 2008)	Resources	4	2x3 2x2	Income & Recovery functions were combined in November 2008 and the recommendations will be incorporated in service improvement planning.
Maintaining Effective Governance Arrangements (Sept 08)	Resources	5	2x3 3x2	Previous Head of Finance agreed the actions with the relevant officers in the other departments - to report back when detailed work is complete.

Title of Report (Date)	Directorate	No of Rec's	Priority 1=low 2=medium 3=high	Status/Progress
Review of the Council's Internal Audit Function (August 2007)	Resources	4	1x 3 2x2 1x1	Implemented or ongoing as part of shared service preparations.
Absence Management (January 2008)	Chief Executive's	5	3x3 2x2	Included as a priority in the Council's Single Improvement Plan.
Review of Data Quality Arrangements 2007-08 (January 2008)	Chief Executive's/ Resources	15	8x3 6x2 1x1	Implemented or ongoing - see A&G Agenda 13.1.09. Included as a priority in the Council's Single Improvement Plan.
Deciding & Delivering Council Priorities Follow Up (January 2008)	Chief Executive's/ Resources	4	4x3	Included as a priority in the Council's Single Improvement Plan and is reflected in current Corporate Strategy Refresh process.
A Review of the Decision Making Process (January 2008)	Corporate	5	Not Stated	Newly formed Strategic Officer Governance Group (SOGG) will progress any recommendations not implemented.
Delivery of Corporate Objectives through the LSP (February 2006)	Corporate	3	None stated	LAA developed and agreed. Local performance data sharing in place. To be assessed under CAA.
Proposed Disposal of land at Osbaldwick (February 2006)	Corporate	5	None stated	Recommendations relate to different service areas – to report back when detailed work is complete . SOGG to review governance arrangements for partnerships in 2009.
Arrangements for Disposal of the Barbican (July 2006)	Corporate	3	None stated	As above.

Audit and Governance Committee   13 January 2009

Report of the Assistant Director (Customer Service and Governance)

Audit and Fraud Mid-Term Monitor

Summary

1   This report provides details of the progress made in delivering the internal audit and fraud work plan for 2008/09.

Background

2   The work of Internal Audit is governed by the Accounts and Audit Regulations 2003 (as amended) and the CIPFA Code of Practice for Internal Audit in Local Government. In accordance with the Code of Practice, the 2008/09 Audit and Fraud Plan was approved by the Audit and Governance Committee on 13 May 2008. The Plan included a programme of audit reviews and details of planned counter fraud activities. The total number of planned audit days was 1,392, with an additional 200 days to be provided through the use of direct funding from a number of client departments. The counter fraud activity plan was based on the resources available to the Fraud Team. The total number of days allocated to counter fraud activities in 2008/09 was 1,160.

3   It was also recognised that changes may need to be made to the Audit Plan through the year as a result of new or changed priorities and/or as new risks were identified. Any variations to the Audit Plan would be approved by the Head of Internal Audit and then reported to the Assistant Director (Customer Service and Governance) and the Audit and Governance Committee.

4   The Counter Fraud Activity Plan included details of:

- planned activities, including fraud detection and investigation;
- fraud awareness and training;
- proactive fraud work;
- joint working with other counter fraud agencies;
- resource allocation.

2008/09 Internal Audit Plan – Progress to Date

5   Two of the priorities for the service are to deliver at least 90% of the Audit Plan and to ensure that Internal Audit continues to retain its 'managed audit' status with the Audit Commission. These are the minimum requirements necessary to achieve a good score for internal control as part of the Use of Resources assessment process.

6   Internal Audit successfully delivered 91.6% of the 2007/08 Audit Plan (compared to 92% in 2006/07 and 91.3% in 2005/06). Whilst only 51% of the 2008/09 Audit Plan has been completed to date it is still anticipated that the 90% target will be achieved this year. This is because the current figure is based on reports issued and does not take into account further audit fieldwork which is either complete or in progress and which if included would increase the percentage of the plan complete to 74%. Details of the audits completed and the reports issued are given in Annex 1.

7   As noted in paragraphs 3 above, it has been necessary to make a number of variations to the Audit Plan to accommodate a shortfall in resources caused primarily by long term sickness absence and staff vacancies[1] and to take account of changes in priorities. Details of the Audit Plan variations approved by the Head of Internal Audit to date are given in Annex 2.

2008/09 Counter Fraud Activity Plan – Progress to Date

8   Counter fraud work has been undertaken in accordance with the approved Plan. Annex 3 provides details of the investigations completed and provides a summary of the work completed. As in previous years, the majority of the work undertaken relates to the identification and investigation of suspected fraudulent Housing and Council Tax benefit claims. However, the team also works jointly with Internal Audit on internal fraud investigations and is involved in the investigation of other external fraud for example blue badge fraud.

Consultation

9   Not relevant for the purpose of the report.

Options

10   Not relevant for the purpose of the report.

Analysis

11   Not relevant for the purpose of the report.

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[1] While these have been partially offset through the use of agency staff, this has been insufficient to meet the meet the full shortfall in resources.

Corporate Priorities

12   This report contributes to the Council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do.

Implications

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

- **Finance**

- **Human Resources (HR)**

- **Equalities**

- **Legal**

- **Crime and Disorder**

- **Information Technology (IT)**

- **Property**

Risk Management Assessment

14   The Council will fail to properly comply with the CIPFA Code of Practice for Internal Audit in Local Government if the results of audit work are not reported to those charged with governance. This in turn would adversely impact on the Council's CPA/CAA score for the Use of Resources and therefore its overall score when it is re-assessed.

Recommendation

15   Members are asked to:

-    Note the results of the audit and fraud work undertaken to date in 2008/09.

     Reason

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

-    Note the variations to the 2008/09 Audit Plan, approved to date by the Head of Internal Audit.

     Reason

     To enable Members to consider the delivery of the Internal Audit Plan.

Contact Details

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Report Approved ☑ **Date** 15 December 2008

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable   **All** ☑

For further information please contact the author of the report

Background Papers

- 2008/09 Internal Audit Plan
- 2008/09 Counter Fraud Activity Plan

Annexes

Annex 1 – Audits Completed and Reports Issued
Annex 2 – Variations to the Audit Plan
Annex 3 – Counter Fraud Activity

Annex 1

Audits Completed and Reports Issued

<u>Systems/establishment audits</u>

An overall opinion is given following each audit review. The opinion is based on the following five categories;

Opinion	Assessment of internal control
"High standard"	Few or no weaknesses
"Good"	Some weaknesses, but mostly insignificant
"Acceptable"	A number of weaknesses
"Weak"	A number of weaknesses, some significant
"Not acceptable"	Major control weaknesses

Recommendations are made where weaknesses in control are identified. The recommendations are prioritised using the following categories;

Definition of Priority

1 (High)	Action considered necessary to ensure that the Council is not exposed to high or catastrophic risks. For example significant financial loss, death or injury of Council staff or customers, damage to reputation, disruption to a service or continuity of operations.

Actions may be considered a high priority if the impact of a potential risk is high, even though its likelihood may be low.

Recommendations that address breaches of legislation or Council policies and procedures may also be rated as a high priority.

2 (Medium)   Action considered necessary to avoid exposure or reduce exposure to significant risks. For example financial or other loss.

This will include areas where there are no controls to mitigate significant risks or where amendments are required to ensure that controls are effective and mitigate the risks to an acceptable level.

3 (Low)   Action considered necessary to improve controls that are already in place and reasonably effective, although further improvements are required in order to mitigate risks to an acceptable level.

Recommendations that may result in efficiencies or better value for money will also be included in this category.

18 draft reports have been issued and are currently with management for consideration and comments. These reports are categorised as follows:

Opinion	Number
"High standard"	2
"Good"	6
"Acceptable"	4
"Weak"	1
"Not acceptable"	0
"Not given"	5

38 reports have been finalised to date this year. Of these, 24 relate to 2007/08 and 14 to 2008/09. In all cases the recommendations made have been accepted by management, and will be subject to follow up by Internal Audit. Details of the finalised reports are summarised below[1].

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number of 'high' priority	
York Training Centre 2007/08	26/6/08	Good	5	0	Recommendations included the need for grant claims to be reviewed and signed off by the manager of the service, and for purchase orders to be completed for all purchases.
Main Accounting System 2007/08	1/7/08	Acceptable	6	0	The audit looked at day to day procedures but did not consider year end closedown processes, which have already been highlighted as an issue by the Audit Commission. It was found that there were some ongoing issues with the management of control accounts, however, some of these may not be resolved until the introduction of the new financial management system.

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[1] The table only includes standard systems audit work – for example special investigation reports are not included. In addition, the table does not include any audits already reported to A&G as part of the Report of the Chief Internal Auditor in June 2006.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	**Number of 'high' priority**	
Payroll 2007/08	2/7/08	Good	1	0	There were no significant weaknesses, although two issues from the previous audit had not yet been fully resolved. Progress in addressing these will be monitored through the follow up procedure.
Westfield Primary School 2007/08	2/7/08	Acceptable	8	0	Recommendations included the need to maintain a register of gifts and hospitality the requirement to register the school fur as a charity, and the need to follow prope procurement practices.
Nursery Education Grants 2007/08	3/7/08	High Standard	2	0	No significant weaknesses identified.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	**Number of 'high' priority**	
Neighbourhood Services Finance and Administration 2007/08	8/7/08	Acceptable	4	1	Issues included insufficient information on source documents (eg timesheets, orders, and invoices) and the lack of an audit trail where amendments were made to some documents. A high proportion of errors were found in relation to orders including system input errors, orders amended to match invoices, and orders completed after receipt of an invoice. **High priority recommendation:** Current SB order processes should be reviewed, to identify why such a wide variety of errors occur.
Asset Management 2007/08	21/7/08	None Given	0	0	This was a limited review to assess improvements made to systems following concerns raised by the Audit Commission in 2005/06 and 2006/07.
Housing and Council Tax Benefits 2007/08	21/7/08	Good	6	0	A number of minor recommendations were made. These included the need to adequately document and sign off any system upgrades.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	**Number of 'high' priority**	
City Strategy Capital Programme 2007/08	23/7/08	Acceptable	7	0	Recommendations were made to improve procedures for ranking potential capital schemes, reporting to members, and maintaining project files.
Rufforth Primary School 2007/08	24/7/08	Good	6	0	The recommendations included the need to set up a register of gifts and hospitality.
Recruitment and Selection Processes 2007/08	25/7/08	None Given	N/A	N/A	This review was limited to a follow up of recommendations previously issued, and therefore no overall opinion was given. It was found that progress had been made in addressing the issues previously raised although further work was still required. Further progress will continue to be monitored through the follow up process.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	**Number of 'high' priority**	
Sickness Management 2007/08	28/7/08	None Given	N/A	N/A	This review was limited to a follow up of recommendations previously issued, and therefore no overall opinion was given. It was found that progress had been made in addressing the issues previously raised although further work was still required. A number of variations to the original recommendations were agreed where appropriate. Further progress will continu to be monitored through the follow up process.
Debtors 2007/08	7/8/08	Acceptable	5	0	Issues identified included the timeliness invoice processing and other activity, and the need to better prioritise the recovery of outstanding debts. There were also two outstanding issues from the previous audit and these are being followed up in accordance with the escalation procedure.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	Number of 'high' priority	
Council Tax and NNDR 2007/08	8/8/08	Acceptable	6	0	The service needed to improve systems for ensuring the validity of discounts and exemptions. Other recommendations covered the need to improve the audit trail for transactions posted from the Lagan Frontline system, and review security arrangements at the customer contact centre.
Creditors 2007/08	21/8/08	Good	4	0	Procedures were generally good, although improvements to the system for managing lists of authorised officers are required.
LCCS Capital Programme 2007/08	1/9/08	Good	1	0	No significant weaknesses were identified.
Gifts and Hospitality 2007/08	9/9/08	Acceptable	3	0	Recommendations were made about the need to update corporate guidance on gifts and hospitality, issue periodic reminders to staff to complete the record, and ensure departments review their own records at least annually.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	**Number of 'high' priority**	
Cashiers 2007/08	12/9/08	Good	6	0	While procedures were generally good, the opinion and recommendations do not reflect an incident that arose during the course of the audit that resulted in a further special investigation being undertaken.
IT Asset Management 2007/08	18/9/08	Good	4	0	Some minor issues about inventory procedures were raised, and it was recommended that the service consider whether introducing a server replacemen policy would achieve better value for money.
Joseph Rowntree Secondary School 2007/08	13/10/08	Acceptable	6	0	Issues included the need to improve budgetary control procedures, and the need to adhere to proper procurement practices.
Oaklands Sports Centre 2008/09	14/7/08	High Standard	0	0	Additional audit carried out following changes to the management arrangements for the centre. No significant weaknesses were found.

Description	Date Final Issued	Opinion	Recommendations		Work done / significant weaknesses / issues identified
			Total number	**Number of 'high' priority**	
Bishopthorpe Infant School 2008/09	30/9/08	High Standard	3	0	No significant weaknesses were identified.
ABRO Contract 2008/09 (value for money audit)	4/11/08	None Given	12	4	The audit looked at the preparation, award, and operation of the ABRO contract. It was concluded that there were elements of the contract that were not providing value for money, and that there were weaknesses in some aspects of the contract letting process. The report made a number of recommendations to highlight issues that should be taken into account in any future procurement exercise.
Creditors 2008/09	27/11/08	Good	0	0	There were a number of ongoing weaknesses noted. However, plans were in place to address these as part of the FMS replacement project therefore no formal recommendations were made.
Treasury Management 2008/09	15/12/08	High Standard	0	0	No significant weaknesses identified.

Other Work Completed during 2008/09

- Four special investigations
- Annual Governance statement 2007/08 prepared and published as part of the statement of accounts
- Review of the effectiveness of Internal Audit completed and reported to A&G on 26 June 2008
- Report of the Chief Internal Auditor for 2007/08 prepared and presented to A&G on 26 June 2008
- A review of the progress made by management to implement previously agreed audit recommendations – reported to A&G on 24 September 2007
- Annual report on non-compliance with Financial Regulations and EU Procurement legislation (breaches and waivers) presented to A&G on 24 September 2008.
- Certification of LPSA2 indicators (further work on a number of outstanding indicators will be carried out in January 2009)
- Chargeable work including grant claim audits (LAA, Supporting People, DTI grant), North Yorkshire Audit Partnership Internal Audit, report to Museums Trust Audit Committee
- Ongoing work in relation to the shared service initiative

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Annex 2
Variations to the Audit Plan

Additions to the Plan are considered where;

- Specific requests are received from the S151 Officer which are necessary for him to discharge his statutory responsibilities.
- New or previously unidentified risks result in changes to the Strategic Audit Plan priorities
- Significant changes in legislation, systems or service delivery arrangements occur which have an impact on audit priorities
- Requests are received from customers to audit specific services, systems or activities usually as a result of weaknesses in controls or processes being identified by management
- Urgent or otherwise unplanned work arises as a result of investigations into fraud and other wrongdoing identifying potential control risks

Additions to the Audit Plan are only be made if the proposed work is considered to be of a higher priority than work already planned, the change can be accommodated within the existing resource constraints and the change has been reviewed and approved by the Head of Internal Audit.

Audits are deleted from the Plan or delayed until later years where;

- specific requests are received from the S151 Officer or the audit customer and the grounds for such a request are considered to be reasonable
- the initial reason for inclusion in the Audit Plan no longer exists
- it is necessary to vary the plan to balance overall resources.

All additions and deletions are reviewed and approved by the Head of Internal Audit who then reports all variations to the Assistant Director (Customer Service and Governance) and the Audit & Governance Committee for information.

2008/09 Audit Plan Variations

The following variations to the Plan have been approved by the Head of Internal Audit in 2008/09.

Audit	Days	Justification For Change
<u>Additional Work</u>		
Financial Management Standard in Schools (FMSiS)	+26 days	Additional resource required to complete assessment of schools against the standard. This element of the plan is partly funded by the LCCS department, however, funding has not increased in line with increases in the work required. The assessment was introduced on a phased basis and from 2008/09 all schools will have to be assessed, for the first time.
Concessionary Travel	+15 days	Additional work at the request of the department to ensure that the data which is used to reimburse bus companies for concessionary travel is robust.
Oaklands Sports Centre	+9 days	Additional audit undertaken following changes in the management arrangements for the centre.
Waste Operations – Disposal	+25 days	Additional provision required to undertake this audit which was previously deferred from 2007/08 – the audit included a review of proposed changes to the payments system to be introduced in 2008/09.
Payroll	+30 days	Audit originally to be funded as a separate project in 2008/09. This funding has not materialised and there is therefore a need to vary the plan to enable this work to be undertaken.

Easy@york	+5 days	Audit originally to be funded as a separate project in 2008/09. This funding has not materialised and there is therefore a need to vary the plan to create a provision for ongoing review and advice in relation in this area.
Administration Accommodation Review	+8 days	Audit originally to be funded as a separate project in 2008/09. This funding has not materialised and there is therefore a need to vary the plan to create a provision for ongoing review and advice in relation in this area.
Total additional work	+118 days	

Audit	Days	Justification For Change
Deletions from the Audit Plan		
Contingency Audits	-77 days	To resource additional work (see above). Balance remaining – 13 days.
Public Transport	-15 days	The final report for the 2007/08 audit was agreed in September 2008 and the recommendations are being followed up as part of the follow up process. There is therefore no longer a requirement for a separate audit in 2008/09.
Sickness Management	-8 days	Reduce the total days available for audit to 12 (currently 20) in order to balance the audit plan to available resources. The audit will concentrate on follow up of previous recommendations.
Residential & Nursing	-20 days	To defer to 2009/10 as implementation of the financial elements of the new social care IT

Audit	Days	Justification For Change
Home Costs		system (Frameworki) are not yet complete.
Housing Allocations	-18 days	To defer until 2009/10, in order to balance the audit plan to available resources.
Partnership Arrangements	-20 days	To defer until 2009/10, in order to balance the audit plan to available resources.
Construction Industry Scheme	-10 days	To defer until 2009/10, in order to balance the audit plan to available resources.
Property Lease Management	-12 days	To defer until 2009/10, in order to balance the audit plan to available resources.
Information Security	-12 days	To defer until 2009/10, in order to balance the audit plan to available resources.
Budgetary Control	-13 days	Reduce the total days available for audit to 20 (currently 33) in order to balance the audit plan to available resources.
Value for Money Provision	-180 days	To defer until 2009/10, in order to balance the audit plan to available resources.
Total deletions	-385 days	

Annex 3
Counter Fraud Activity

The table below shows the total numbers of investigations completed, sanctions applied, and the value of overpayments identified for 2008/09.

	2008/09 Actual (to 15/12/08)	2008/09 Target	2007/08 Actual
Number of fraud investigations completed	230	535	524
Total number of sanctions*	30	51	48
Total value of fraudulent overpayments identified	£189k	£400k	£527k

* This includes prosecutions, cautions, and administrative penalties

Overall performance against the targets outlined above is currently below the level expected at this point of the year. This is due to a number of reasons as outlined below.

- There has been a shortfall in resources caused by long term sickness absence, and by two vacancies within the team that remained unfilled between April and September 2008. These issues have now been resolved.
- The level of sanctions and fraudulent overpayments has been affected by a backlog of cases awaiting decision by the DWP. In many cases the council is unable to take action until the DWP has reassessed its own benefit. In addition, there has been a backlog of cases with the DWPs legal team which has affected the numbers of joint prosecutions being taken forward. Changes have recently been made by the DWP in response to these problems and it is hoped that we will start to see some reduction in these backlogs in the fourth quarter of this year.
- A change to procedures for risk assessing new referrals within the team has led to a reduction in the total number of cases passed for further investigation. Initial indications are that this appears to be having the desired effect of reducing the amount of work on cases where the council is unable to prove any fraud (the total number of rejected referrals as at 15 December 2008 was 153 cases - total rejected referrals in 2007/08 was 155 cases; the number of completed investigations to date this year where no fraud was proven was 108; the total for the full year last year was 358).

A summary of investigation work and other activity undertaken by the fraud team this year is included below.

Activity	Work Completed or in Progress
Fraud Awareness	A series of five fraud awareness training sessions was held in November and December 2008 for all housing and council tax benefit staff. Further sessions are planned for housing staff, including estate managers. As in previous years there will be a targeted benefit fraud publicity campaign in February and March. This will include, for example, radio and press advertisements. In relation to internal fraud and theft, activity will include an article in News and Jobs in January and information to be included on staff payslips. Ongoing advice and guidance is provided on the design and implementation of measures to prevent and detect fraud and other financial irregularities. For example changes to the design of benefit claim forms and the implementation of security measures in Council establishments and offices. Feedback is now given to relevant staff on all cases investigated. This feedback is intended to encourage more referrals but, where necessary, will include recommendations to change or improve systems and procedures so as to prevent or detect fraud in the future.
Fraud Detection and Investigation	The fraud team has completed investigation of 230 cases to date in 2008/09. This has resulted in 30 sanctions. Work is ongoing in relation to the Audit Commission National Fraud Initiative exercise. The team has reviewed 240 data matches from the Council Tax single persons discount / electoral role data match, and a number of cases have been identified which require further investigation. However, it is not yet possible to conclude how many of these cases, if any are the result of fraud. The team has also coordinated the submission of data covering a number of different

	areas for the 2008/09 NFI data match.
	Since April 2008, 252 Housing Benefit Matching Service (HBMS) referrals have been reviewed. This has resulted in 54 cases being identified as requiring further investigation. Total benefit overpayments identified through the investigation of HBMS matches this year is £80k of which £50k is fraudulent.
	The service currently is undertaking financial investigations in 7 cases, which are ongoing.
	The team carries out joint investigations with the DWP on an ongoing basis. Currently, the service is working jointly with the DWP on 30 cases. The service also works with the police where appropriate and has been involved in two cases involving arrests in relation to benefit fraud this year. Two further cases are currently being assessed for joint working with the police.
Proactive Work	A programme of targeted investigation work is planned for early 2009. This will include a programme of unannounced visits to identify residency and other similar frauds, and the use of data interrogation software to identify high risk claims for review.

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CITY OF YORK COUNCIL

Audit and Governance Committee

13 January 2009

Report of the Assistant Director (Customer Service and Governance)

Shared Service – Update Report

Summary

1 To advise Members of the progress which has been made to date in developing the shared service initiative with North Yorkshire County Council (NYCC).

Background

2 A report was presented to Corporate Services EMAP on 18 March 2008, which detailed the Outline Business Case (OBC) for the shared service. The OBC set out the aims and objectives of the project, and the outcome of the options analysis for the future direction and the long term organisational structure of the service.   Members agreed that:

   a) work should continue to progress the shared service between CYC and NYCC;

   b) officers should develop a detailed Business Case for the implementation of a wholly owned company limited by shares or guarantee as the preferred (in principle) long term organisational structure of the shared service.

   It was also agreed that officers would seek final Member approval before progressing to full implementation of the chosen option.

3 The following outline timetable was agreed for developing the detailed Business Case/Project Implementation Plan;

Action	Date
Prepare detailed Project Implementation Plan – which would include the following elements: • Company formation • Governance arrangements • Client roles and reporting arrangements • Contract preparation • Charging arrangements • Cost allocation • Staffing • Accommodation, IT and support services	April - August 2008

Prepare Change Management Programme	June - August 2008
Implement agreed structure, subject to final Member approval.	September - December 2008
Target go-live date	1 April 2009

4   A further progress report was presented to Corporate Services EMAP on 10 June 2008. The report provided details of:

a)   the progress made to integrate working practices and systems across both Council's teams;

b)   the draft project implementation plan.

5   Members also approved the following minor adjustments to the scope of the project and hence the Outline Business Case:

a)   to incorporate the transactional elements of data management work at CYC within the shared service. This work includes the recording, distribution, monitoring and tracking of information requests to the Council (Freedom of Information requests and Data Protection Act – subject access enquiries), together with the administration of the Staff Warning Register and the central record of Regulation of Investigatory Powers Act (RIPA) authorisations.

b)   to transfer two Administrative Support posts into the shared service. The two post holders provide administrative and technical support to the Audit and Fraud teams, as well as undertaking the transactional data management work.

Progress to Date

6   Good progress has continued to be made to integrate working practices and systems across both teams. The objective has been to streamline processes and adopt the appropriate best practice from either Council. The work has included the preparation of consolidated audit and fraud procedure manuals, and the development of standard audit programmes, a standard audit planning methodology and new audit report formats. Work has also continued with the process to migrate NYCC audit staff from their existing IT system to the CYC Galileo.net application. This work has involved reconfiguring the existing CYC system and the transfer of data from the NYCC system. The development work is now substantially complete, and NYCC staff are expected to start using the new system in late January, following appropriate training.

7   The Project Board has also been coordinating the work necessary to prepare the detailed Business Case and the associated Project Implementation Plan. A draft Business Case has been prepared, which is being considered by management at both Councils. Finance, Legal and HR representatives from both Councils have been involved with the

development of the Business Case. Once finalised the Business Case is due to be presented to the Executive on 20 January 2009.

Consultation

8   Staff from both authorities, together with representatives from Unison and the GMB have been kept informed of progress with the development of the shared service. The Project Board has provided copies of all key documentation, minutes of meetings and information sheets to the staff and union representatives. Regular staff workshops have been held, and a weekly e-mail newsletter has also been circulated.

9   Formal consultation with staff and the unions on the proposals commenced on 13 November 2008.

Options

10   Not relevant for the purpose of the report.

Analysis

11   Not relevant for the purpose of the report.

Corporate Priorities

12   This report contributes to the Council's overall aims and priorities by helping to provide strong leadership, and by encouraging improvement in everything we do.

Implications

13   The implications are;

- **Financial** – Finance has been involved in the preparation of the draft Business Case/Project Implementation Plan. Final implementation of the long term structure for the shared service will only take place subject to Member approval.

- **Human Resources (HR)** – HR has been involved in the preparation of the draft Business Case/Project Implementation Plan. Final implementation of the long term structure for the shared service will only take place subject to Member approval.

- **Equalities** - there are no equalities implications to this report.

- **Legal** – Legal has been involved in the preparation of the draft Business Case/Project Implementation Plan. Final implementation of the long term structure for the shared service will only take place subject to Member approval.

- **Crime and Disorder** – there are no crime and disorder implications to this report.

- **Information Technology (IT)** – IT has been consulted as part of work to prepare the draft Business Case/Project Implementation Plan.

- **Property** - It is proposed that the Council will provide fully serviced accommodation to the shared service, keeping with the provision currently made available to CYC audit and fraud staff. Property has been consulted as part of work to prepare the draft Business Case/Project Implementation Plan.

Risk Management Assessment

14   A detailed risk assessment was undertaken as part of the work to prepare the Outline Business Case. The risk assessment included consideration of the risks associated with both the project and the preferred option for the long term structure of the shared service. The Project Board has continued to monitor the identified risks and, where possible has taken mitigating action.

Recommendation

15   Members are asked to:

–   Note the progress which has been made in developing the audit and fraud shared service to date, and the work undertaken to develop the full Business Case/Project Implementation Plan (prior to final Member approval).

Reason

To enable Members to consider the progress made to date.

Contact Details

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Report Approved ✔ **Date** 16.12.08

Specialist Implications Officers

Patrick Looker - Finance
Janet Neeve - HR
Glen McCusker - Legal

Wards Affected: Not applicable   **All**   ☑

For further information please contact the author of the report

Background Papers

Strategic Business Case for the Shared Service
Outline Business Case

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Agenda Item 14

Agenda Item

Audit and Governance Committee

13 January 2009

Report of the Assistant Director of Resources (Customer Service & Governance)

Audit Commission National Report: Back to front. Efficiency of back office functions in local government.

Summary

1. This paper gives a brief overview of, and response to, the national review by the Audit Commission called 'Back to front. Efficiency of back office functions in local government' published in October 2008. The report followed on from the announcements from CSR07 on cashable savings that are to be made by councils over a three year spending cycle. In the last cycle (SR04) 79% of efficiency gains were cashable. The report looks at experiences of councils over the previous cycle and makes recommendations on how to make efficiency gains while retaining quality of services. For the terms of the report back office functions are defined as finance, human resources, IT support, procurement, legal services, facilities management, travel services, marketing and communications.

Background

2. Councils were successful in making efficiency gains during the last spending review period but it is anticipated that it will be harder in the future to make these gains during the CSR07 period. The report highlights the need to move on to transformational strategies in order to make sustainable savings. The 'quick win' of past transactional strategies will not be enough.

3. The report discusses the types of approaches taken in the SR04 which were
   - Transactional
   - Transitional or
   - Transformational strategies (with a strong link between the efficiency programme and corporate agenda).

4. During the SR04 period most councils used transitional approaches but now, according to the report, need to move to more transformational strategies in order to meet efficiency demands. The report shows that the proportion of council spending on corporate services has declined over the last three spending review cycles with a decline of 50% for a typical single tier or county authority. All councils are spending a smaller proportion of their budget on back office activity.

5. The report discusses different type of methods used such as: internal (lean thinking, business process improvement, ICT), mutual (shared services) and external (outsourcing).

6. Benchmarking is seen as effective in helping councils see how back office functions compare with others. Three types of successful benchmarking are mentioned:
    - Strategic – objectives, polices, outputs and outcomes;
    - Service – comparing organisational structures and processes;
    - Data – comparing inputs and outputs.

7. The report states that procurement efficiencies will be more difficult to achieve in the CSR07 period. Some underlying assumptions have already been made in terms of financial settlement for councils, which due to economic downturn, may now be out of date. The settlement was based on inflation at 2.75% - if inflation is greater then there will be a shortfall. In summary, many councils have responded to previous spending reviews by reducing the amount spent on corporate services but this is not likely to be enough.

8. **Case Studies**

    The report includes a number of case studies, but there is recognition that what can be done depends on what stage the council is already at and what local pressures it faces, for example, existing local contracts:

    Some examples of identified good practice includes:

    - improving financial systems and active monitoring to challenge over and underspends;

    - using CPA to drive change;

    - centralisation of administration services, sharing back office functions and sharing office space;

    - on line recruitment;

    - moving finance teams into directorates to integrate service and financial management;

    - paperless procurement;

    - challenge groups such as performance clinics for councillors to scrutinise and monitor performance.

    There are also examples of poor and fragmented approaches such as rejection of shared service arrangements without full consideration or the lack of overall policy and leadership.

9. **Performance Measurement**

    There is a single national performance indicator to measure efficiency gains: **NI 179 – the total value of ongoing cash releasing value for money gains that have impacted since the start of the 2008/09 financial year.**

    Recordable cash-releasing efficiency gains must:

    - be reported net of investment and the costs required for their implementation;

    - be sustained;

    - reduce the level of resources to achieve the same or better outputs and allow resources to be redeployed;

    - have an impact on council expenditure after March 2008.

10. **Audit Commission Recommendations**

    Recommendations from the report are as follows:

    - Councils need to assess whether they fully exploited back office efficiencies in SR04 and identify priorities for future action. They need to use performance and contextual data to understand where they are on the journey;

    - The need for a more strategic approach is highlighted, not just ad hoc or one off gains;

    - Consideration of services from citizens perspectives;

    - Efficiency priorities need to be linked to corporate objectives;

    - Need for strong political support and leadership of the efficiency programme;

    - Creation of an efficiency board or committee (officers and senior members) to lead, monitor and evaluate and challenge;

    - Make use of benchmarking – the Corporate Services VFM indicators club is endorsed by all five UK audit agencies.

11. The Audit Commission does however, recognise that each council has its own unique starting point and needs to assess where it is positioned, then choose methods that are most appropriate for their local services and priorities. The focus on local solutions to fit local needs is in line with current government agenda. The annual Use of Resources assessment will be used to assess council efficiency and support councils to develop a transformational approach.

12. **Links with Central Government Agenda**

The Government Operational Efficiency Programme (OEP) was announced in July 2008, it will run during CSR07 period and consist of five strands:

- Back office/IT (building on Gershon/SR04)
- Collaborative procurement
- Asset management/sales
- Property
- Local incentives/empowerment.

The expectation is to review savings through the delivery chain and look at benchmarking, standardisation and simplification of processes identifying opportunities for additional savings.

The report also links to the Transformational Government agenda focusing on:

- Citizen and business centred services
- Shared services
- Professionalism.

13. **CYC approach:**

The report is a useful reference at a point where the council is facing a number of challenges not only from the tight financial settlement which will require efficiency savings of around £15 million over the next three years, but also from a significant programme of change which includes the major office accommodation project, replacement of many key information systems (such as finance and HR systems), new legislative changes around education, children's service and benefits, and the new Comprehensive Area Assessment. To date CYC has responded to the challenges of CR04 and CSR07 by:

- entering into an Efficiency Partnership to carry out a scoping study to identify sustainable efficiencies over the CR07 period and beyond;

- focussing on Citizen-facing services in developing its Customer & Engagement Strategies;

- integrating more services in to the York Customer Centre;

- transforming services through the Easy@York programme;

- planning to share Internal Audit and other professional services with North Yorkshire County Council;

- extending the range of automated telephone and on-line transactional services;

- introduction of electronic scanning and management of documents which includes centralisation of disparate scanning services and to achieve business efficiencies in relation to reduced paper flow;

- centralisation of IT support services - linked to recommendations highlighted in a review undertaken by Socitm consultancy services;

- streamlining financial and performance reporting to introduce an internal challenge process and ensure monitoring processes are timely and effective in order to ensure improvements in priority areas are being made;

- joining the Corporate Services VFM indicators benchmarking club mentioned in paragraph 10 above. This will build upon the work easy@york has done with Barnsley, Bolton, Gateshead, Wire & Manchester Councils to benchmark existing and planned YCC services.

Consultation

14. The Audit Commission report has been summarised in a briefing paper distributed to the Corporate Management Team.

Options

15. Not relevant for the purpose of the report.

Analysis

16. Not relevant for the purpose of the report.

Corporate Priorities

17. This report contributes to the overall effectiveness of the council's financial, governance and assurance arrangements in the achievement of all its prioirities.

Implications

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

Risk Management

19 By not complying with the requirements of this report, the council will fail to properly comply with best practice requirements, and its Use of Resources score in CPA/CAA assessments could be adversely affected.

Recommendations

20. Members of the Audit and Governance Committee are asked to note the report and the course of action being undertaken and planned by the council.

Reason
To ensure that the council can meet the challenges of CSR07 and provide services in an efficient, effective and customer focussed way.

Contact Details

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Chief Officer Responsible for the report:

Ian Floyd
Director of Resources

Report Approved   √   **Date**   31 December 2008

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable   **All** [   ]

For further information please contact the author of the report

Background Papers:

Audit Commission Report published October 2008: Back to front. Efficiency of back office functions in local government

Annexes

None

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CITY OF YORK COUNCIL

Audit and Governance Committee 13 January 2009

Report of the Assistant Director of Resources (Customer Service & Governance)

Asset Inventories & Disposal (non land & buildings)

Summary

1. This report outlines current arrangements in place for asset inventories, procedures for reporting thefts, processes for disposal of obsolete equipment, and plans for improvement. The scope of this report relates to only to portable assets, not land and buildings which are subject to separate arrangements.

Background

2. The following paragraphs outline current arrangements, plans to ensure that officers are aware of these procedures, and other proposed improvements.

Equipment inventories:

3. The council's Financial Regulations (Part D, paragraph 40 – 44) state the Assistant Director of Resources (then IT, now Transformation & Efficiency) is responsible for purchasing, recording and insuring items of Information Technology equipment (except equipment purchased from schools delegated budgets). Directors are responsible for ensuring such equipment is kept securely, protected from loss, theft, and damage.

4. Directors also have responsibility in terms of maintaining local inventories of assets (furniture, fittings, equipment, plant & machinery) in excess of £500 in value.

5. It is intended to remind officers of these requirements in planned training on financial procedures to take place in 2009, following a review of the Financial Regulations.

Reporting and recording of stolen assets:

6. Part C, Paragraph 10 of the council's Financial Regulations outline the procedures that should be followed in the event of impropriety, fraud and corruption, which should be taken to include theft:

"All staff and Members of the Council must inform the CIA* immediately if they suspect or know of any impropriety, financial irregularity, fraud or corrupt

practice. The CIA is responsible for determining the nature of any investigation work required in respect of any allegation of wrong doing, and/or any other action required and may refer matters to the Police or other appropriate external body as he/she sees fit."

*Chief Internal Auditor

7.   In relation to potential insurance claims (Part C, Paragraph 17), Directors are responsible for:

"notifying the CFO and CIA immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the CFO or the Council's insurance provider".

Where goods are stolen, the Council's insurance procedures require a crime number to be obtained from the Police.

8.   In the past not every case of theft has been reported to Internal Audit or the Insurance Team, although they regularly compare records between themselves. To improve compliance, training will be provided as mentioned in paragraph 5 above.

Disposal of obsolete equipment:

9.   Within Part D, the Financial Regulations also state that Directors have the responsibility for:

"*ensuring that all asset acquisitions and disposals are properly recorded within asset records"*

and

"recording all disposals or part exchanges of non-land and building assets, normally undertaken by competitive tender or through public auction".

10. Whilst services may have their own individual arrangements, it is clear that a formal detailed corporate policy for disposal of non-land and building assets is required to address those disposals which may/may not be suitable for auction/tender. A draft policy will brought for consultation to the March 2009 Audit & Governance Committee, which should as a minimum include the following:

- Valuing disposals
- Disposal options
- Health & Safety and other legislative requirements
- Recording requirements
- Financial procedures e.g income controls and application of VAT.

Consultation

11. Audit and risk management officers have been consulted on the contents of this report.

Options

12. Not relevant for the purpose of the report.

Analysis

13. Not relevant for the purpose of the report.

Corporate Priorities

14. This report contributes to the overall effectiveness of the council's governance and assurance arrangements.

Implications

15. There are no definable financial, HR, equalities, legal, crime and disorder, IT or property implications arising from this report, however the risk of loss may be reduced as a result of the improvements stated (see below).

Risk Management

16. The improved application of existing procedures and implementation of new procedures may assist in reducing instances and costs of losses.

Recommendations

17. That current arrangements, plans to ensure that officers are aware of these procedures, and other proposed improvements are noted.

Reason
To ensure the Committee receives appropriate assurances where possible breaches in the internal control environment are highlighted.

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Contact Details

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Report Approved √   **Date**   31 December 2008

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable   **All** ☐

For further information please contact the author of the report

Background Papers:
None

Annexes
None