

## 2006/07 Statement of Internal Control – Action Plan Follow Up Report

Control Issue (as included in the 2006/07 SIC)	Original Planned Action / Due Date (as included in the 2006/07 SIC)	Actual Progress To Date	Comment
<b>Sickness</b>			
<p>The levels of sickness across the Council remain higher than for comparable local authorities. The 2005/06 SIC identified continuing weaknesses in the Council's procedures for monitoring and reporting sickness absence. Although good progress has been made to address the underlying control weaknesses, there is still insufficient evidence that the improved arrangements have been fully embedded.</p>	<p>A corporate Attendance Management Policy was implemented in October 2006. Work has also been undertaken to improve the Council's management information on sickness. The following actions are planned;</p> <ul style="list-style-type: none"> <li>a) Revised procedures and guidelines to support the implementation of the Policy will be issued to staff.</li> <li>b) Revised corporate management reporting arrangements will commence in October 2007.</li> <li>c) A strategic review of the Council's Occupational Health arrangements will be undertaken. This will include consideration of the benefits of proactive health promotion and early interventions designed to minimise the occurrence of unavoidable sickness absence. Any changes will be closely aligned with the Council's well-</li> </ul>	<p>All of the proposed actions have been taken and identified weaknesses addressed.</p> <p>The Council's sickness absence reporting, recording, monitoring and management procedures have been comprehensively re-written and the revised processes were implemented in October 2007. The implementation of the new processes were supported by a publicity campaign and a corporate training programme. HR are also running bespoke training sessions in directorates where necessary. Internal Audit were consulted during the development of the new processes. Sickness absence levels remain high but early indications, since the implementation of the new processes, are that levels have begun to decrease. In addition the Council has continued to build upon its approach to enabling attendance at work, which will ensure increases in attendance levels are sustainable in the long term.</p> <p>A strategic review of Occupational Health provision has been undertaken and the contract for OH services has recently been re-tendered with an emphasis on health promotion and proactive interventions rather than simply reactive referrals.</p> <p>Internal Audit are currently carrying out a follow up review of the recommendations made as part of the last Sickness Management Audit in 2005/06. The</p>	<p>The follow up audit is due to be completed by the end of March 2008, which will give a further indication of the likelihood of disclosure in the 2007/08 AGS. However, given the continuing high levels of sickness, it is likely that a disclosure will be made.</p>

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	<p>being agenda and participation in the Health &amp; Safety Executive's Strategic Intervention Programme.</p> <p><b>Responsibility – Director of People and Improvement</b></p>	<p>findings of this review will establish the impact of the new Absence Management Policy and the extent to which new procedures are embedded.</p>	
<p><b>Recruitment and Selection Procedures</b></p>			
<p>As identified in the 2005/06 SIC, the Council's Recruitment and Selection Policy is not always followed. Although good progress has been made to address the underlying control weaknesses, there is still insufficient evidence that the improved arrangements have been fully embedded.</p>	<p>Directorate Management Teams have been briefed on the revised Recruitment and Selection Policy and processes. Staff have also been made aware of the new requirements. A further follow up audit to examine compliance with the revised policy and procedures, will be undertaken in 2007/08.</p> <p><b>Responsibility – Director of People and Improvement</b></p>	<p>Actions to address previously identified weaknesses already taken and initial follow up audit confirmed the new recruitment and selection processes address all of the previously identified weaknesses.</p> <p>A second follow up audit is currently being undertaken by Internal Audit, the results of which will indicate the extent to which Recruitment and Selection Procedures are now embedded across the Council.</p>	<p>Awaiting outcome of the second follow up audit.</p>

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<b>Health and Safety</b>			
<p>The Council has a Health and Safety Team within the Human Resources Department which provides professional health and safety advice to all service areas. The 2005/06 SIC identified the need to develop greater consistency in health and safety performance and a more robust corporate framework in order to drive improvement and ensure compliance with legislation and best practice. It was also recognised that the Council needed to satisfy itself that adequate resources were available to provide professional advice and meet statutory requirements. Although some progress has been made there is still insufficient evidence that the required processes are fully embedded across the Council.</p>	<p>During 2006/07 progress was made to develop appropriate Corporate health and safety policies. In January 2007, the new post of Director for People and Improvement was created with a specific role of Council Health and Safety Champion. In March 2007, an additional Health and Safety Advisor post was created to increase the capacity within the team to provide professional advice. Council Officers met with the Health and Safety Executive (HSE) to discuss a proposed management model and associated work plan. The proposals were positively received by the HSE. The associated documents will be presented to Directorate Management Teams before the end of July 2007 for their formal acceptance.</p> <p><b>Responsibility – Director of People and Improvement</b></p>	<p>A strategic review of the Council's health and safety arrangements is currently underway and is expected to report by the end of March 2008. The review is also looking at how the Council can move to operating on the wider concept of wellbeing rather than just taking a traditional approach to H&amp;S.</p> <p>In the meantime work continues to build the relationship with the HSE and the Council is continuing to participate in the HSE's strategic intervention programme.</p> <p>A number of specific pieces of work are underway in directorates where risks have been identified for instance a stress reduction pilot is operating in HASS alongside the directorate's work to increase attendance levels. In addition the profile of H&amp;S has been raised in the Council and senior management commitment has been gained to improve performance in this area. A programme of audits has also commenced with high risk areas being prioritised.</p>	<p>Although progress has been made to address this control weakness, it is likely that it will need to be disclosed in the 2007/08 AGS. A further period of time is considered necessary to ensure that the new processes are fully embedded.</p>

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<b>Competition and Procurement</b>			
<p>The Council's competition arrangements and procurement rules and procedures contribute to the efficient and effective use of resources and the delivery of best value. The 2005/06 SIC identified continuing weaknesses in the Council's competition and procurement arrangements. New Financial Regulations, encompassing comprehensive procurement rules were adopted by Full Council in May 2006, and a training programme to raise awareness was undertaken across directorates. The Corporate Procurement Strategy has however been delayed. During the period the procurement of goods and services across the organisation has also not always complied with EU procurement legislation and the Council's procurement rules and procedures.</p>	<p>The Corporate Procurement Strategy will be adopted in June 2007. The Strategy will include a Competition Policy and a strategic plan for developing the use of procurement by the Council. It will also cover the function of procurement as a whole at the Council over the next three years. In addition, the overall competition and procurement framework will be strengthened by the adoption of a;</p> <ul style="list-style-type: none"> <li>a) Strategic Procurement Programme - this is a programme of strategic procurements that will take place across the Council over the next five years.</li> <li>b) Thin-client methodology.</li> <li>c) Procurement practitioner guidance manual.</li> </ul> <p><b>Responsibility – Director of Resources</b></p>	<p>The Corporate Procurement Strategy was formally adopted by the Executive on 26 June 2007, together with a medium term action plan. On 23 October 2007 the Competition Policy was adopted in principle by the Executive and will be formally adopted by the Council when the Competition Strategy is presented in 2008/09.</p> <p>The review of thin-client methodology is currently on-hold and may delay the Competition Strategy in the new year. The control issue has largely been addressed by the adoption of the Corporate Procurement Strategy as it provides an encompassing policy framework. Early indications of the impact of the Corporate Procurement Strategy are good, with evidence from the breaches and waivers audit for 2006/07 supporting this. For 2006/07 a total of 20 breaches were reported, compared to 40 for 2005/06. The trend has seen a decrease in the number of new breaches reported from 13 in 2005/06 to 9 in 2006/07.</p> <p>As a result of these developments since the publication of the 2006/07 SIC, it was felt the competition and procurement is now well developed and robust but that the control issue has moved away from one of unlawfulness (with respect to EU procurement legislation) to one of management capacity and skills particularly regarding client and contract management knowledge.</p>	<p>Good progress has continued to be made to address this control issue. However, the control issue is likely to remain with respect to the lack of sufficient management capacity and skills for client and contract management.</p>

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<b>Accounting Misstatement</b>			
<p>The 2005/06 Statement of Accounts included a material misstatement. The misstatement was caused by a change in government guidance on the valuation of social housing, with the change not being reflected in the annual valuation exercise. Although this was a technical accounting issue, controls should have existed to identify the error before the final valuation figures were included in the approved Statement of Accounts.</p>	<p>For the closing of the 2006/07 accounts, the Head of Finance has carried out a case file review for each department/finance manager. In addition, the Director of Resources has met with the Head of Finance and the accountancy manager to review the draft accounts and question key elements, in particular those related to the balance sheet.</p> <p>In future, steps will be taken to concentrate this work around the identification and review of key changes to the accounts compared to previous years.</p> <p><b>Responsibility – Director of Resources</b></p>	<p>For the 2006/07 closedown of accounts, additional reviews were conducted to highlight any potential issues. These included departmental file review and also a review meeting held by the Head of Finance and Director of Resources. However it is acknowledged that more progress is needed, particularly in terms of a formalised review and sign-off by the Head of Finance and Director of Resources. A framework is in place but it needs to be embedded and further developed.</p> <p>For the 2006/07 Statement of Accounts, more errors were found and it was necessary to take a revised statement to Members after 30 June 2007. 2006/07 was not a typical year for the preparation of accounts given the statutory changes required to the format of the accounts and prior year restatement process as a result. Together with this there was the staffing capacity issue at closedown. Under resourcing of the Strategic Finance section is also a contributory factor, particularly as a result of the involvement in Job Evaluation, as well as the revised accounts and the FMS replacement project.</p> <p>Once implemented towards the end of 2008 the new ledger system should address and tighten these areas of weakness, but until that time the weakness will remain.</p>	<p>Insufficient progress has been made in addressing this issue. It is therefore likely that this will need to be reported in the 2007/08 AGS.</p>

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<b>Equalities</b>			
<p>Although the Council has an equalities strategy there is insufficient evidence that the Council's policies and procedures are fully embedded within each directorate. Equalities monitoring arrangements need to be strengthened. Staff awareness also needs to be improved so as to ensure compliance with equalities legislation.</p>	<p>The Council's Equality Strategy and action plan is currently being reviewed and updated. The Corporate Equalities Leadership Group has also recently been established to promote the equalities agenda. Four key areas for improvement have been identified;</p> <ul style="list-style-type: none"> <li>a) Monitoring in respect of employment procedures and service users.</li> <li>b) Training for staff.</li> <li>c) Community engagement.</li> <li>d) Awareness of the equalities agenda and Equalities Unit's work programme.</li> </ul> <p><b>Responsibility – Director of People and Improvement</b></p>	<p>Promoting equalities and inclusion continues to be an organisational priority. This is reflected strongly in the council's refreshed Corporate Strategy. "Promoting cohesive and inclusive communities" is part of the Council's vision; reducing inequalities is a theme running through a number of the Council's ten priorities for improvement; and the need to respond to the city's changing (diverse) population has been identified as an imperative which needs action now.</p> <p>Whilst equalities is a priority, and good progress has been made in some areas, a significant amount of work is still required to:</p> <ul style="list-style-type: none"> <li>• embed equalities</li> <li>• realise our equality related ambitions (for example, relating to the Equality Standard) and</li> <li>• ensure that the Council meets (an expanded range) of statutory equality duties in relation to the 6 equality strands.</li> </ul> <p>The Corporate Management Team have agreed a set of actions to ensure that this work is completed, including prioritising equalities on their own agenda, supporting a bid for additional equalities resources, vesting further responsibilities in DMTs for promoting equalities and by committing to the Equalities Leadership Group (which also has Executive</p>	<p>Although progress has been made, it is widely accepted that a considerable amount of work remains to be completed in this area. It is therefore likely that this will need to be reported in the 2007/08 AGS.</p>

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		<p>member representation).</p> <p>These key actions include:</p> <ul style="list-style-type: none"> <li>• Revision of the Equality Strategy - with a set of targeted actions to achieve successive levels of the Equality Standard.</li> <li>• Completion of a programme of priority Equality Impact Assessments (in relation to the Council's key policies and strategies) (a number to be completed by end March 08)</li> <li>• Provision of an extensive programme of equality training and awareness for both staff and elected members</li> <li>• Significant improvement to systems for equality performance monitoring</li> </ul> <p>A detailed timetable for these actions is currently being agreed with CMT via the Equality Leadership Group, but it is anticipated that further progress will be made by the end of March 2008.</p>	

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<b>Business Continuity</b>			
<p>Business continuity plans and procedures are required to enable the Council to respond effectively to any major events which may impact on the city and/or the ability of the Council to maintain its services. The 2005/06 SIC identified continuing weaknesses in the Council's business continuity arrangements. Although the Council has approved a Business Continuity Policy and Strategy and each directorate has appointed a business continuity champion, the quality of individual directorate plans is still not at the required standard.</p>	<p>A review has been undertaken of the progress made to complete business continuity plans throughout the Council. As a result of the review, the format of the plans has been significantly amended to meet new national guidance. An exemplar document has been prepared together with a template for use by all groups and directorates. This exemplar and template is currently being implemented across the Council with a view to completing group plans by mid-Autumn. Further work on business continuity has included the preparation of an information document, which has been distributed to businesses in the city.</p> <p><b>Responsibility – Director of City Strategy</b></p>	<p>Business continuity planning within the council has not progressed in accordance with the agreed implementation plan. A Business Continuity Working Group has been established to promote and support the completion of the plans and training to group members (i.e. those charged with BC responsibilities) has been provided. The Emergency Planning Unit (EPU) section has produced a revised plan template and offered support at regular intervals to assist with the business continuity plan production. However the commitment and resources have not been put in place corporately and the priority for business continuity is low within directorates, with greater commitment being required from senior management.</p> <p>Business Continuity Plans at Directorate level are not yet complete, which is attributable to the fact that group plans for each service area are still incomplete. This is despite a deadline of the end of January being set for their completion.</p> <p>Both HASS and LCCS have sought consultancy advice to support the completion of their respective plans.</p> <p>In the meantime the EPU has continued to work to raise the profile of business continuity and emergency planning. A simple 4-page Business Impact Analysis document, developed for use in the</p>	<p>There has been insufficient progress made by Directorates in addressing this control weakness and it will therefore need to be disclosed in the 2007/08 AGS.</p>



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		Business Continuity Workshops which the team have run, has been praised by the Civil Contingencies Secretariat and offered nationally as 'good practice'. It has been used by other partner agencies (e.g. PCT, South Yorkshire Police) in developing business continuity planning in their organisations.	

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<p><b>Partnership Governance Arrangements</b></p>			
<p>The Council currently has a database of the partnerships it has an interest in, and a partnership support and development programme. All of these are designed to improve the effectiveness of partnerships and ensure good management arrangements are in place. However, there is still a need to further develop the Council's monitoring and support arrangements to ensure that all partnerships have suitable governance and performance management arrangements in place.</p>	<p>The Council has recently increased its investment in partnership working by creating a Strategic Partnerships Team, that has responsibility for consolidating and improving the Council's approach to partnership working.</p> <p>The governance arrangements of the Local Strategic Partnership were reviewed in late 2006, to reflect the new requirements of the Local Area Agreement and proposals in the Local Government White Paper. An Executive Delivery Board was created to focus on delivery of the Local Area Agreement. These new governance arrangements will be implemented during 2007/08.</p> <p>It is anticipated that the processes of revising the Community Strategy and reviewing the Council's corporate priorities during 2007/08 will further identify links between partners, and promote the need for high standards of governance and performance management.</p>	<p>The Local Strategic Partnership now has an Independent Chair and an Executive Delivery Board to meet recommended best practice. Strategic considerations are now addressed separately at board meetings.</p> <p>It has been agreed that the Community Strategy will be revised by April 2008 to reflect the new Corporate Priorities; the Council will then revise its own Corporate Strategy. (The Local Development Fund2 will be revisited once the Community Strategy has been revised).</p> <p>Although a lot of work has been done on the Local Area Agreement, further work must be undertaken to take account of the new legislation requiring 35 Performance Indicators. These need to be agreed by Central Government. Revision needs to be done by June which is on track, twin-tracked with the revision of the Corporate Strategy.</p> <p>The partnerships database has been developed further so that it is more effective.</p> <p>The work of the Strategic Partnerships team (SPT) has been hindered by a change in two key members of personnel. One of the vacant posts manages the database, it is expected that a replacement will be in post by April 2008.</p> <p>The area where improvement is still needed is in the</p>	<p>Although some progress has been made in addressing this issue, it is likely that this it will need to be reported in the AGS. The focus will shift to the performance management arrangements and identification of/support for smaller partnerships.</p>

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	<p><b>Responsibility – Director of City Strategy</b></p>	<p>provision of support to smaller partnerships. The City Strategy partnerships provide a good working example but within the other Directorates support is not always sought from the Partnership team.</p> <p>The SPT have provided lunchtime learning sessions to address this but there is still acceptance that all partnerships have not been identified. Further work needs to be completed to raise awareness about support available.</p> <p>Another issue is that although the larger/strategic partnerships now have well embedded governance arrangements, a weakness now lies in the Council's ability to assess the performance of those partnerships.</p>	

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<p><b>Project Management, Programme Management and Benefit Realisation</b></p>			
<p>As identified in the 2005/06 SIC, some progress has been made to develop in-house management skills and capacity. However, there was still a need to ensure consistency across the Council. As a result major projects do not always realise the anticipated benefits to the Council. The resources to support key projects also remain limited. Only limited progress has been made to address these issues during 2006/07.</p>	<p>Improving project and programme management is a key action within the Organisational Effectiveness Programme (OEP). Specific improvement work in conjunction with the Audit Commission and the OEP Board has been started. Initially this work is using the OEP as a pilot area, and will continue, building on learning from other key projects (for example, easy@york) during the first part of 2007/08. Once this phase of work is completed (September 2007), it is proposed that the approach and key principles will be applied to other projects during the second half of the year.</p> <p><b>Responsibility – Director of People and Improvement</b></p>	<p>Improving project and programme management remains a key action within the OEP.</p> <p>Building on the work and support from the Audit Commission, improvements have been built into the programme management arrangements for the OEP itself, and will develop and learn from these, and other highly successful examples (e.g. easy@york), in developing a scaleable programme/project model for Council-wide application. This will be designed to include clear arrangements for identifying anticipated and actual benefits. The finalisation and roll-out of these approaches has been delayed however due to resource constraints and the need to prioritise other elements of the OEP for immediate completion. This will be picked up as a priority once these other elements have been delivered.</p> <p>In view of this delay, and recognising the need to ensure that the major culture and organisational change projects within the council need to be better co-ordinated and aligned, good progress has been made in developing a process for ensuring that all these strategic projects are "joined-up". This has been achieved through close working and collaboration between the programme and project sponsors for all the Council's major change projects (predominantly sited within the Resources and Chief Executives directorates) - and ensuring the</p>	<p>Although progress has been made to address the underlying control weaknesses, there is still insufficient evidence that the improved arrangements have been fully embedded. It is therefore possible that this issue will need to be disclosed in the 2006/07 SIC.</p>

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		alignment of the OEP and major change projects such as Admin Accommodation, easy@york, Pay and Grading, around a small number of agreed, strategic outcomes - namely the "Values" element of the Council's refreshed vision (leadership, customers, improvement and people).	