

Annual Governance Report

City of York Council

Audit 2009/10

Date **September 2010**

Contents

Key messages	4
Next steps	6
Financial statements	7
Value for money	10
Glossary	12
Appendix 1 – Independent auditor’s report to Members of City of York Council	14
Appendix 2 – Draft letter of representation	18
Appendix 3 – Value for money criteria	22

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Ladies and Gentlemen

2009/10 Annual Governance Report

I am pleased to present the results of my audit work for 2009/10.

My report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements;
- take note of the adjustments to the financial statements set out in this report ;
- agree to adjust the errors in the financial statements I have identified, which management has declined to amend, or approve management's reasons for not amending these errors; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 2).

Yours faithfully

Steve Nicklin
District Auditor

September 2010

Key messages

This report summarises the findings from the 2009/10 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements	Results	Page
Unqualified audit opinion	Yes	7
Financial statements free from material error	Yes	7
Adequate internal control environment	Yes	8
Value for money	Results	Page
Adequate arrangements to secure value for money	Yes	9

Audit opinion

- 1 The 2009/10 audit is now substantially complete and I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Financial statements

- 2 The Council has been faced with complex changes to local government accounting requirements in 2009-10. Overall officers have coped well with these changes and the quality of the financial statements and working papers has improved since last year. Some further action is still required, however, to improve fixed asset records.
- 3 Officers have agreed to make a number of amendments as a result of our audit work, which are set out below.

Value for money

- 4 As shown in Appendix 3, all of the relevant criteria specified by the Audit Commission for 2009/10 have been met. The Council has improved its financial planning and performance management processes this year, whilst at the same time continuing to deliver services that represent good value for money for the public.
- 5 I therefore intend to issue an unqualified value for money conclusion as part of my audit opinion for 2009-10.

Key messages

Audit fees

6 No changes have been made to the audit fees agreed with you on 15 February 2010.

Independence

7 I can confirm that there were no relationships between my audit team and City of York Council members or staff giving rise to a threat to independence, objectivity and integrity.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

8 I ask the Audit Committee to:

- consider the matters raised in the report before approving the financial statements;
- take note of the adjustments to the financial statements set out in this report ;
- agree to adjust the errors in the financial statements I have identified, which management has declined to amend, or approve management's reasons for not amending these errors; and
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 2).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 9** Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.
-

Errors in the financial statements

- 10** The following issues were identified during the course of our audit work, and officers have agreed to make the necessary amendments to the accounts:
- Capital expenditure on voluntary aided schools had been included in fixed assets but should be treated as "revenue expenditure funded by capital under statute" because such schools are not within the Council's control. This also affects the Government Grants and Capital Adjustment accounts;
 - The value of the Energise centre (£6.5m) has been double counted in fixed assets;
 - The depreciation charge for the year has been incorrectly calculated; and
 - The value of impairments has been overstated by £10.3m due to a calculation error.
- 11** Officers have also agreed to make a number of presentational and disclosure changes to the accounts. These include:
- an additional post balance sheet events disclosure in relation to recent changes to the Local Government Pension Fund, which will reduce pension liabilities going forward;
 - quantifying the potential financial impact of the joint waste strategy with North Yorkshire County Council; and
 - updating the position on Derwentthorpe development (note 60).
- 12** The draft accounts included equal and opposite entries in the balance sheet of £18.3m which relate to voluntary additional debt repayments following local government reorganisation in 1996. We have agreed that these balances can be written out of the accounts to reflect current accounting practice.

Financial reporting

13 Audit Commission guidance states that PFI contracts brought on balance sheet in 2009-10 should be included in Financial Instruments disclosures (note 34). The Council has not done so, but we are satisfied that this additional disclosure would not have a material impact on the accounts.

Weaknesses in internal control

14 I am required to bring to your attention any identified weaknesses in internal control. In my 2009-10 audit progress report (July 2010) we highlighted that bank reconciliations had not been carried out on a regular basis during the year. I am pleased to report that this issue has now been resolved, with a full bank reconciliation prepared at 31 March 2010.

15 I have two further matters to report to you:

- Senior accounting staff and finance managers have the ability to create and authorise their own journal entries on the general ledger. This raises the risk of financial misreporting through error if material journals are not independently checked
- Back pay calculations are prepared manually and not independently checked. Our sample testing identified an error of £100.

Key areas of judgement and audit risk

16 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit.

Table 1 Key areas of judgement and audit risk

Risk area	Audit response
The Council is required to comply with IFRIC12 in its financial statements for 2009/10. This required you to reassess the accounting treatment of the existing PFI schemes, and may require you to include the assets and associated liabilities in your financial statements this year.	We reviewed the accounting treatment of PFI schemes in light of IFRIC12 and other guidance in the SORP 2009. On the basis of our testing we are satisfied that these new requirements have been met.
The Council has additional interests in companies that required them to produce group accounts for the first time in 2009/10.	We reviewed the rationale for produce group accounts, and undertook audit work to confirm that they had been produced line with current accounting guidance.

Financial statements

Risk area	Audit response
The audit of the 2008/09 financial statements identified a number of large errors in fixed asset accounting and related entries. There was a risk that similar errors would recur in 2009/10.	We reviewed the Council's asset register and associated working papers supporting the financial statements, in light of the requirements in the SORP and related FRSs. Whilst we acknowledge that fixed asset records have improved, a number of material errors were identified again in 2009-10.
The SORP 2009 implemented changes to reporting and disclosure requirements in 2009/10, particularly with respect to officer emolument disclosures and agency accounting. There was a risk that the Council would not fully and accurately implement these changes.	We have reviewed the financial statements to ensure that the SORP changes and additional disclosure requirements have been fully and accurately complied with.

Letter of representation

- 17** Before I issue my opinion, auditing standards require me to ask you and management for written representations about your financial statements and governance arrangements. Appendix 2 contains a suggested format for the letter of representation.

Value for money

I am required to decide whether the Council put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.

Value for money conclusion

- 18** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. I am satisfied that in 2009/10 these criteria has been met and I have shown my conclusions on each of the areas in Appendix 3.
- 19** The Council has maintained the strengths we identified last year in relation to:
- risk management;
 - displaying a strong anti-fraud culture; and
 - delivering services that represent good value for money for the public.
- 20** We have also noted a number of improvements since 2008/09. In particular:
- Medium term financial planning has been improved through a combination of detailed risk assessment, analysis of demographic trends, financial modelling, and extensive consultation. To tackle its medium term funding gap the Council has developed "More for York", an ambitious, 3 year strategic efficiency programme which delivered all key year 1 targets in 2009-10;
 - The Council has made significant progress in implementing data quality policies, and in developing comprehensive performance reports in a format that focuses on priorities and supports decision making at strategic and operational levels by integrating financial and performance information;
 - There have also been noticeable improvements this year in respect of performance management arrangements – piloting Challenge and Innovation Panels, more use of benchmarking and more challenging target setting as a result of comparison with others.
- 21** Good procedures are in place for procurement and asset management, and the Veritau shared service arrangement has received national recognition. Plans are in place to explore more innovative delivery models as part of More for York.
- 22** Workforce planning and management have traditionally been managed on a departmental basis and were assessed against value for money criteria for the first time in 2009-10. The Council can demonstrate very effective arrangements in some departments, but a more corporate approach is needed to bring all service areas up to the standard of the best. Our work also highlighted that the Council's workforce is not fully representative of the community it services, with comparatively few BME and disabled employees and only 19% of staff considering equality to be relevant to their job.

Value for money

23 The Council recognises that it will face significant financial pressures in the future which may demand difficult choices and changes to the established patterns of service provision. This is reflected in the medium term financial plan. Our future work will also focus on:

- financial resilience
- delivery of identified efficiency savings; and
- improvements to value for money.

Glossary

Annual governance statement

- 24** Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 25** It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 26** The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit closure certificate

- 27** A certificate that I have completed the audit following statutory requirements. This marks the point when I have completed my responsibilities for the audit of the period covered by the certificate.

Audit opinion

- 28** On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:
- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
 - whether they have been prepared properly, following the relevant accounting rules; and
 - for local probation boards and trusts, on the regularity of their spending and income.

Qualified

- 29** The auditor has some reservations or concerns.

Unqualified

- 30** The auditor does not have any reservations.

Value for money conclusion

- 31** The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Appendix 1 – Independent auditor’s report to Members of City of York Council

Opinion on the accounting statements

I have audited the Authority and Group accounting statements and related notes of City of York Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of City of York Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Director of Customer and Business Support Services and auditor

The Director of Customer and Business Support Services’ responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority and Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

Appendix 1 – Independent auditor’s report to Members of City of York Council

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority and Group accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority and Group accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority and Group accounting statements and related notes.

Opinion

In my opinion:

- The Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and
- The Group accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended

Appendix 1 – Independent auditor’s report to Members of City of York Council

Practice, of the financial position of the Group as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009], and the supporting guidance, I am satisfied that, in all significant respects, City of York Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Appendix 1 – Independent auditor’s report to Members of City of York Council

Steve Nicklin
Officer of the Audit Commission

Nickalls House, MetroCentre, Gateshead NE11 9NH

September 2010

Appendix 2 – Draft letter of representation

To: Steve Nicklin
Appointed Auditor
Nickalls House
MetroCentre
Gateshead NE11 9NH

City of York Council - Audit for the year ended 31 March 2010

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors and officers at City of York Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010. All representations cover both the Council's accounts and the Group Accounts included within the financial statements.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the "Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice" which give a true and fair view of the financial position and financial performance of the Council, and for making accurate representations to you.

Uncorrected misstatements

During the course of the audit it has been brought to my attention that:

- some back pay calculations may be incorrect
- financial instrument disclosure notes do not include PFI schemes brought on balance sheet as a result of IFRIC 12.

I am satisfied that these items are not material in the overall context of the Council's accounts. Therefore no adjustment has been made.

All other errors brought to my attention have been corrected and I am not aware of any other mis-statements in the accounts.

Appendix 2 – Draft letter of representation

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements. For tangible fixed asset valuations, I confirm:

- that the fixed register is accurate and up to date;
- the appropriateness of the measurement method used;
- that reasonable steps have been taken to estimate depreciation and the length of assets' useful lives; and

- that subsequent events do not require any further adjustment to the fair value measurement.

Group entities

I confirm that adequate steps have been taken to identify and document all of the Council's interests in partnerships, companies and other entities and to prepare group accounts in the correct format.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale and purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. We have no lines of credit arrangements other than those already disclosed in the accounts.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation or legal claims, other than those already disclosed in the financial statements;
- all severance payments agreed but not paid at 31 March have been provided for;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no additional financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

Post balance sheet events

Since the date of approval of the financial statements by those charged with governance, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

Appendix 2 – Draft letter of representation

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Segmental Reporting

I have complied with the Best Value Accounting Code of Practice in relation to the presentation and allocation of revenue transactions within the Income and Expenditure Account.

Pensions obligations

There are no other material amounts relating to unfunded liabilities, curtailments or settlements of past service costs relating to pension provision other than those which have been properly recorded and disclosed in the financial statements.

I confirm that the this letter has been discussed and agreed by those charged with governance on 29 September 2010

Signed on behalf of City of York Council

Signed

Name

Position

Date

Appendix 3 – Value for money criteria

Specified criteria for 2009-10	Met
<p>Planning for financial health</p> <p>The Council has improved financial planning this year. A reviewed and updated medium term financial plan clearly sets out:</p> <ul style="list-style-type: none"> • the expected budget position for 2010 to 2016 • the underlying assumptions and financial pressures • links to other strategies, local and national priorities • the general financial context the Council operates in. <p>The new MTFP has been built up using a detailed risk assessment, analysis of demographic trends, and financial modelling, coupled with extensive consultation. The Council has identified a medium term funding gap of c£15m over the next 3 years but has developed a strategic approach to tackle this through "More for York", an ambitious efficiency programme which identifies potential savings of almost £30m. Outcomes to date include reduction of the senior management team from 7 to 5, centralising finance and HR functions and externalising cash collection.</p> <p>Despite this focus on reducing costs and improving efficiencies, the Council has also managed to invest in services to respond to demographic trends and priorities identified by local people. In the 2010/11 budget there has been additional funding of £1m in highways, waste management and looked after children, and £2m for adult social care.</p>	Yes
<p>Understanding costs and achieving efficiencies</p> <p>The Council has a clear understanding of costs and the main factors influencing them. This has been developed during 2009-10 through delivery of the "More for York" programme and participation in benchmarking clubs. Demographic changes and cost drivers are taken into account when prioritising resources, for example the rising population of looked after children, and the impact of an aging population.</p> <p>Cost per head of population is lower than most neighbouring and comparator authorities. Council Tax levels (and increases in recent years) are also comparatively low. The Council has a good track record of delivering efficiency savings and is focussed on continuing this through "More for York". Despite this, services are not low quality. Most PIs compare well with neighbouring authorities and show steady improvement year on year. Education provision (especially GCSE outcomes) and cultural provision are particularly good.</p>	Yes

Appendix 3 – Value for money criteria

Specified criteria for 2009-10	Met
<p>Financial reporting</p> <p>Budget monitoring and forecasting information is produced on a timely basis and is reliable, relevant and understandable. Three monitoring reports are submitted to Executive through the year which summarise financial and non-financial information, a commentary to explain the underlying position and links to LSP and corporate priorities.</p> <p>The Council takes prompt action to manage potential overspends, and potential overspends in 2009-10 were identified early, successfully managed contained within the level of available contingency funds. More central control has been imposed on departmental budget holders to ensure consistency of approach and a clearer focus on achieving corporate objectives. A new FM IT system has improved access to up to date financial information for budget holders but implementation difficulties caused delays in completing back reconciliations during the year.</p> <p>Processes for managing year end closedown and the audit process have improved over the past two years, and the Council has put adequate arrangements in place for the move to IFRS compliant accounts and IFRIC 12 requirements under the 2009 SORP.</p>	Yes
<p>Commissioning and procurement</p> <p>The Council has an up to date commissioning strategy, with social and environmental factors taken into account when making procurement decisions. There is a good track record of engaging local people in shaping the commissioning and delivery of services eg on home care provision, the libraries service, and plans for new office accommodation. Most operational procurement decisions require competitive tendering and Internal Audit coverage ensures that this is done.</p> <p>The Council is taking steps to improve engagement with suppliers to ensure that it understands and when necessary can influence the market - it has hosted "meet the buyer events" and plans to undertake soft market testing in relation to facilities management for the new office accommodation. The Veritau shared service arrangement has received national recognition and the More for York efficiency programme has identified a number of areas where better use of new technology or procurement could reduce costs.</p>	Yes
<p>Use of information</p> <p>The Council has made significant progress in implementing data quality policies, using a risk based assessment to review and improve data quality. There have also been noticeable improvements this year in respect of performance management arrangements – piloting Challenge and Innovation Panels, more use of benchmarking and more challenging target setting as a result of comparison with others. The Council's scrutiny function has also developed its role in reviewing and challenging performance.</p>	Yes

Specified criteria for 2009-10	Met
<p>Comprehensive performance reports have been developed in a format that focuses on priorities and supports decision making at strategic and operational levels by integrating financial and performance information and routinely including comparative and benchmarking data to ensure that decisions are evidence based.</p> <p>Appropriate policies are in place to ensure the security of data and to restrict unauthorised access. Business continuity and disaster recovery plans are in place and elements of the plans have been tested.</p>	
<p>Good governance</p> <p>The Council's leadership has a clear vision of what it wants to achieve for local communities and during 2009/10 CYC has developed a stronger customer focus and better communication with residents. York has active ward committees in each area, with a delegated budget and decision making powers. This promotes openness and makes councillors visible in their community.</p> <p>Governance arrangements are regularly reviewed and kept up to date. The Council has introduced a local code of corporate governance during 2009/10, financial regulations have also been updated and revised this year. The Council website clearly outlines the complaints process, and the standards committee monitors compliance with the code of conduct, reviews gifts/hospitality registers and considers wider ethical issues, as well as complaints. There are no significant issues in respect of the level or type of complaints being referred to the committee or to the Ombudsman.</p> <p>The Council has identified its key partnerships and ensured that they have good corporate guidance in place. The strategic partnership team provides effective support to the LSP which has resulted in changes to governance arrangements and improved outcomes for local people. It is less clear however about all the non-key partnerships officers and members are involved with, and monitoring of compliance with corporate guidance in this area needs to be developed and improved.</p>	Yes
<p>Risk management and internal control</p> <p>Risk management arrangements are good, with well established systems in place for identifying departmental risks and where necessary escalating those to the corporate register. Members monitor key corporate risks on a quarterly basis, and call in officers as necessary to explore risks in more detail. Partnership governance questionnaires include a specific section on risk management arrangements.</p> <p>The Council continues to have good arrangements in relation to counter fraud and corruption, and demonstrates a clear commitment to seek recovery through prosecution. Internal audit is adequately resourced and effective This year's "red card" campaign attracted local press and media coverage, an on-line training resource has been purchased to help increase understanding of fraud issues across the council, and whistleblowing arrangements have been reviewed and updated.</p>	Yes

Appendix 3 – Value for money criteria

Specified criteria for 2009-10	Met
<p>Strategic asset management</p> <p>A strategic approach to asset management is demonstrated through the Corporate Asset Management Strategy and Corporate Asset Management Group, although deployment of this strategy varies across the Council. Performance targets for asset management have been set and action is being taken to address weaknesses in asset management information, identified last year eg through agreement to merge Property Services and Education data bases.</p> <p>Plans to strengthen the Council's approach to asset management have been incorporated into the More For York programme - five projects which include actions to develop strategic management and strengthen the role of property management in managing wider change across the Council. The More For York programme has raised the profile of asset management issues across the Council, and key projects such as the new office accommodation and the Barbican Centre continue to make progress along with plans to increase community use of assets, for example through plans for a new sports stadium. There are also some examples of the Council working with community groups and partners to make more effective use of assets, some shared asset use with partners and examples of transferring the management of assets to community groups where appropriate.</p>	<p>Yes</p>
<p>Workforce planning and management</p> <p>Workforce planning and management processes have traditionally been managed on a departmental basis. The Council can demonstrate very effective workforce planning in some areas, particularly children's services, and a more corporate approach is being introduced for 2010/11 to bring all service areas up to the standard of the best. A strategic workforce plan has been developed based on analysis of current and future needs in the context of strategic objectives relating to change, efficiency, customer focus, diversity and partnerships.</p> <p>There have been good examples of staff engagement in service improvement, during 2009/10 eg in income and recovery resulting in improved local tax recovery rates. Policies are in place to support staff through organisational change as it delivers More for York. The Council is actively promoting apprenticeships and employment training opportunities, and has a corporate Effective Manager Programme informed by 360 degree assessment</p> <p>The Council has made good progress in improving workforce productivity and skills, with sustained reductions in sickness levels supported by effective occupational health arrangements. There is a framework in place to manage equalities issues, with actions prioritised so that the Council can achieve 'Developing' level of LGEF. But BME and people with disabilities are significantly under-represented in the workforce and only</p>	<p>Yes</p>

Appendix 3 – Value for money criteria

Specified criteria for 2009-10	Met
19% of staff consider equality to be relevant to their job.	

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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