



Service Plan for 2007/08

(covering April 2007 – March 2010)

Service Plan for: Audit and Risk Management

Directorate: Resources

Service Plan Holder: Liz Ackroyd

Workplans: Internal Audit
Fraud
Risk Management & Insurance
Procurement
Information Management

Director: Resources, Simon Wiles

Signed off

Date:

Executive Member: Corporate Services - Cllr Q Macdonald

Signed off

Date:

Section 1: The service

Service Description

The Division is responsible for certain compliance functions to support overall corporate governance arrangements. The **AD (ARM)** is designated as the Chief Internal Auditor and supports the Audit & Governance Committee and the Quality Control Group, Officer Governance Group, Corporate Operations Group and various corporate projects. Also leads on CPA (Use of Resources Block) for Resources; manages the staff Professional Training Programmes; and has delegated S151 officer responsibility for all matters relative to the maintenance & observation of financial regulations at the council.

The **Internal Audit Service** provides control and corporate governance assurance to Members, Managers and the Director of Resources. The Fraud Team investigates all suspected cases of fraud and corruption impacting on the Council, including internal fraud committed by employees and Members and external fraud committed by members of the public.

The **Risk and Insurance** section provides a comprehensive risk and insurance service to protect the Authority's assets and mitigate losses resulting from hazards and claims against the Council

The **Corporate Procurement Team** provides a corporate lead and focus to the strategic development of procurement at the Council. The team's remit includes procurement strategy and policy, advice and guidance to major project work and strategic procurement initiatives.

Information Management promotes records management as one of CYC's underlying professional disciplines. Good records management promotes operational efficiency in any service but it also enables the specific legal obligations of the Data Protection Act and the Freedom of Information Act (and other information access legislation) to be fulfilled.

Service Objectives

- SO1** To provide a positive and measurable contribution to improving the Council's CPA score.
- SO2** To achieve all the Division's annual income and savings targets for the next three years
- SO3** To actively support and deliver the development of effective and robust corporate governance arrangements across the organisation
- SO4** To achieve a sharper focus around our training and development programmes, assessing skills gaps and tailoring a professional development plan for each employee
- SO5** To support, measure and monitor effective, efficient and legally compliant procurement practices and procedures across the organisation
- SO6** To deliver a relevant, robust and expanding audit programme aligning it with the Council's key risks
- SO7** To develop and embed effective risk management across the Council
- SO8** To Develop and embed information and records management as basic elements of business infrastructure
- SO9** Support and encourage other services in their development of governance and business infrastructure [e.g. health & safety, reporting standards, archives]

Section 2: The Drivers

Driver Type	How this might affect our service	Sources
External drivers		
CPA 2006/07 (Refresh) 2007/08 (Full inspection)	Coordinate the use of Resources action plan for the Directorate and implement key developments in appropriate divisional service areas	Audit Commission
Requirement to undertake more proactive counter fraud work and for greater joint working with government and other external agencies to combat fraud	Fraud team is required to undertake greater proactive counter fraud work, including data matching. Closer working arrangements, including information sharing protocols. Possibility of prosecuting non-LA benefit offences.	
Proceeds of Crime Act and Money Laundering Regulations, and changes in social security legislation (including Housing and Incapacity benefits)	Develop the capacity to recover the proceeds of crime. Need to put in place Money Laundering reporting arrangements and identify related training / awareness arrangements for staff. Changes in the way benefit fraud is investigated	Legislation
Corporate drivers		
Combined client for the Audit Commission	To ensure proper management, coordination and liaison on behalf of the organisation for both the audit and inspection aspects of the Audit Commission's annual programme of work at CYC. This is an additional responsibility to be delivered within current resources	
Officer Governance Group work programme	Coordinate development work and implementation across the organisation further to detailed D&I plan managed by OGG on behalf of organisation.	
Corporate Efficiency Initiatives (OEP & DIPs)	Key links to VFM, Strategic Procurement Programme, Annual Efficiency Programme and Competition Agenda	Corporate Priorities
Review of the new Constitution (and Financial Regulations)	Support and advice as required in the practical application of the new Constitution and post-implementation review work led by the MO in 07/08	
Corporate Priorities 11,12 and 13	Targeted counter fraud work and improved requirement for crime related data. Support to departments including advice in respect of risk identification, controls and procurement processes.	Corporate Priorities

Corporate Procurement Strategy and associated policy framework (including competition)	Need to establish a robust framework within the Council for making strategic procurement decisions, including option appraisal for services, practitioner guidance and competition methodology	
Audit and Governance Committee Management	Additional responsibility to be delivered within current resource	Forward Plan
® Establish Corporate Contracts Management Portfolio	The Procurement Team needs to establish management of all relevant corporate contacts over the next twelve months to ensure it can provide a more strategic way forward for the Council to procure goods and services and ensure compliance with Gershon efficiencies	
Undertake review of the organisation & management of procurement across the organisation	Organisational review to be commissioned in 07/08 further to EMAP decision in December 2006	EMAP December 2006

Directorate drivers		
Reduce % of staff days lost to sickness absence	All necessary actions to be implemented to ensure sickness levels are below the directorate target	
Directorate training and development programme	Lead and develop a workable cross directorate training programme for Resources	
Establish new Directorate-wide procurement team following EMAP appraisal of restructure proposals in 2006	Implementation for 1 April 2007	EMAP Dec 2006
Service Drivers		
Capacity Limitations	Effective management of competing priorities and constant balancing of changing services needs and demands will be required throughout the year as well as further innovative solutions to building capacity and infrastructure in 07/08	
Improvements in quality and professionalism of regulatory and compliance service functions	Improved customer satisfaction through ongoing service development	
Implementation of new software systems (Galileo / Magique / Incase / IDEA)	Improved efficiency and output. Closer working arrangements between risk management and internal audit. Improved management information and capability	
® Delivery of the Annual Internal Audit Plans	The audit team need to ensure that at least 90% of the annual Internal Audit Plan is completed.	

Section 3: Critical Success Factors (CSF's)

CSF's For 2007/08	Why a CSF?
Recruit, retain and invest in a highly motivated professional workforce & develop specific competencies	To provide professional and expert services which improve the credibility and visibility of the service
Promote a wider understanding of 'Work & Purpose' of ARM in the good governance and management of the organisation	To encourage ownership and better integration of core functions and activities of the division
Establish full policy/strategy framework for service delivery	To clarify transparency of purpose and working practices
Develop a co-ordinated approach to managing risk across divisional services	To properly discharge the Council's responsibility for risk management
Achieve all income targets and savings	To meet budget commitments
Develop a co-ordinated approach to managing risk across divisional services	To properly discharge the Council's responsibility for risk management
Build further on significant improvements in the division's CPA score in the 2007 re-fresh exercise	To support the Council's ambition to achieve excellent in future
Overcome the history of under-investment in the division's functions	To help support the development of the division and its contribution to the Council

Section 4: Links

Ref	Contribution
IS 1	Procurement & risk management esp. re possible PFI funding and related strategic procurement issues and management of process
IS 3	Risk management challenge fund to support initiatives to protect council buildings
IS 4	Risk management challenge fund to support initiatives to protect council buildings
IS10	SCMS: helps local SMEs to tender; raise fraud awareness and make it easy to report; review IM charter to improve awareness of information rights
IS11	Improved governance arrangements and work with the relevant Champion to build in appropriate aspect of the CIPFA/SOLACE corporate governance requirements for leadership and linked D&I work through OGG
IS12	Support as necessary the D&I work needed to set out governance standards for information sharing with partners for efficiency and control
IS13	Better procurement; Design and delivery of a self-funding VFM Review programme by the Internal Audit Service, new service function from 1/4/07

Links to other plans

Internal and external audit plans	e-government	CPA action plan
Risk management strategy	EASY@York	Asset management plan
e-procurement strategy	3-year medium term financial forecast	Local strategic plan
BFI action plan	Corporate procurement strategy	Council plan
Safer city	Insurance strategy	Counter-fraud plan

Section 5: Balanced Scorecard of outcomes and measures

Customer based improvement

Outcomes	Measures					Actions
<p>Better customer satisfaction with our services</p> <p>Clearer understanding of the diverse needs of our customers</p> <p>Services available to our customers are accessible, effective and responsive</p>	Measure	Current	2007/08 Target	2008/09 Target	2009/10 Target	<p>Review latest customer satisfaction results and take appropriate action</p> <p>Consult with internal and external stakeholders over their future service requirements</p> <p>Monitor standards of ARM service delivery</p> <p>Liaise with customers on an ongoing basis</p> <p>Communicate effectively with stakeholders</p> <p>Update and review relevant strategy and policy documents relating to the service</p> <p>Provide relevant advice, support</p>
	C1: customer satisfaction with ARM.		91%	93%	95%	
	C2: % of audit plan completed	90%	91%	92%	93%	
	C3: audit high priority recommendations agreed.	80%	81%	82%	83%	
	C4: % of insurance claims acknowledged within agreed timescales (Woolf)	95%	100%	100%	100%	
	C5: annual inspection audit plan delivered time and in budget	yes	yes	yes	yes	
	C6: letters responded to in 10 days	100%	100%	100%	100%	
	C7: visitors seen in 10 minutes	100%	100%	100%	100%	
	C8: complaints responded to in 10 days	100%	100%	100%	100%	
	C9: calls answered in 20 secs	95%	95%	96%	98%	

Process based improvement

Outcomes	Measures					Actions
<p>The service's provided are more relevant, timely and add value to our customers</p> <p>Management and service performance information is more accurate and meaningful</p> <p>Services are provided in a more efficient and effective manner</p> <p>The opportunities for electronic means of service delivery are optimised</p>	Measure	Current	2007/08 Target	2008/09 Target	2009/10 Target	<p>Ensure that all relevant directorates and staff are aware of controls, policies and regulations as regards ARM's services</p> <p>Continue to revise Risk Strategy in light of legal and environmental changes</p> <p>Monitor and review the time taken to complete audit work and produce reports</p> <p>Improve the speed of response from customers to draft audit reports</p> <p>Continue to monitor the effectiveness of individual fraud investigations</p> <p>Develop and implement electronic working practices where appropriate</p>
	P1: repudiation rate – employers liability by policy year	80	81%	82%	83%	
	P2: repudiation rate – public liability by policy year	90%	90%	90%	90%	
	P3: end of field work to draft report	new	30	20	15	
	P4: increased turnover with YPO	7%	8%	9%	10%	
	P5: no of fraud investigators per 1000 HB claims	0.51	0.51	0.51	0.51	
	P6: no of fraud investigations per 1000 HB claims	44	45	46	46	
	P7: no of fraud prosecutions or sanctions per 1000 HB claims	4.9	5.0	5.1	5.1	
	P8: Fol requests answered in 20 working days	new				
	P9: subject access enquiries answered in 40 days	New				

Finance based improvement

Outcomes	Measures					Actions
<p>Savings & income targets are achieved</p> <p>Increased investment in the divisions functions, systems & staff</p> <p>Contribution to the divisions budget form external fees income is optimised</p> <p>Opportunities to minimise external audit fees are identified</p> <p>Insurance liabilities continue to be reduced</p>	Measure	Current	2007/08 Target	2008/09 Target	2009/10 Target	<p>Continue to monitor budgets on an ongoing basis</p> <p>Identify opportunities for increased income and savings across all ARM's services</p> <p>Continue to develop and implement the insurance strategy, including the ongoing monitoring of insurance claims history to ensure trends can be quickly identified and actioned.</p> <p>Identify and secure new corporate procurement savings</p>
	F1: insurance external income target	£12k	£15k	£17k	£20k	
	F2: delivery of procurement savings target	£217k	TBA	TBA	TBA	
	F3: audit income target	£15k	£16k	£17k	£18k	
	F4: value of fraudulent overpayment identified	£140k	£150k	£160k	£170k	
	F5: VFM savings target	£4k	£4k	£4k	£4k	

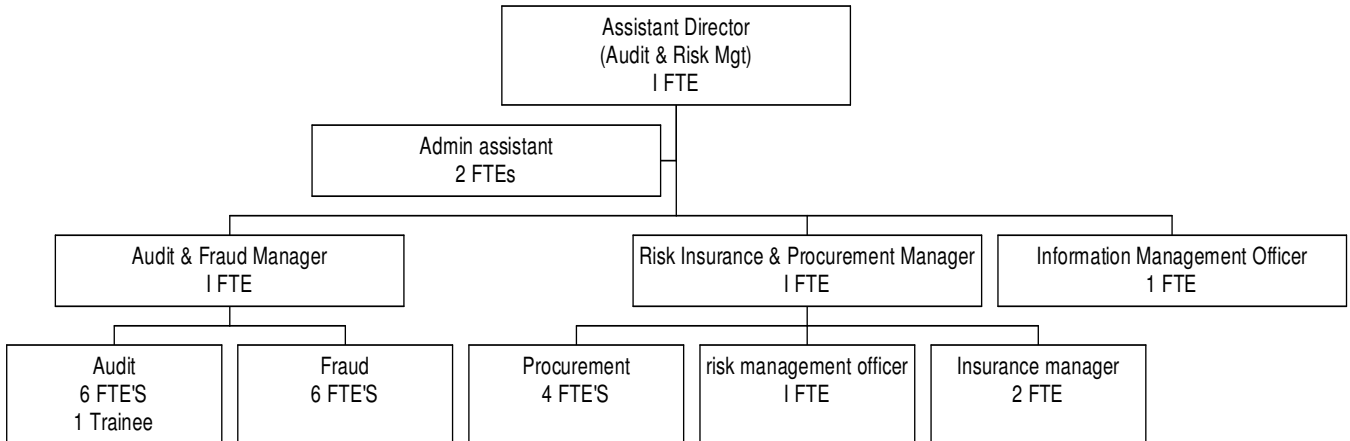
Staff based improvement

Outcomes	Measures					Actions
<p>Improved staff satisfaction and retention</p> <p>A well trained motivated and professional workforce</p> <p>An improved understanding of the purpose and relevance of corporate and service objectives</p> <p>Opportunities for personal training and development identified and supported</p> <p>Staff competencies and specialist skills developed through investment in appropriate training and development</p>	Measure	Current	2007/08 Target	2008/09 Target	2009/10 Target	<p>Ensure all staff are appraised</p> <p>Take action with PDP's</p> <p>Provide regular team briefs</p> <p>Carry out skills audit</p> <p>Provide team building days</p> <p>Hold regular 121's with staff</p> <p>Ensure staff contribute to work planning and strategy development</p> <p>Ensure staff have access to professional training</p> <p>Continue to monitor sickness absence levels</p> <p>Continue to provide a safe environment through complying with relevant health and safety regulations</p> <p>Ensure staff are encouraged to develop ideas and act on them</p>
	S1: How satisfied are staff with their job	60%	63%	66%	70%	
	S2: Minimum number of training and development days per staff member	2.3	3	3	3	
	S4: % of staff who have received an appraisal	86%)	90%	92.5%	95%	
	S6: Maintain % of staff turnover (+/- 2%)	10%	10%	10%	10%	
	S7: Number of staff motivated to do their job well	89%	91%	93%	95%	
	S8: days lost through sickness per FTE	10 (Projected)	7	6	5	

SECTION 6: Corporate Issues

Actions /Evidence	Deadline
Equalities action/s	
The Division is committed to achieving equality of opportunity in everything it does. This includes when it is providing services, when it is recruiting people and when it is working with its partners and stakeholders. The Division is committed to ensuring the implementation of the general and specific duties of the Race Relation Amendment Act and the Equality Standard through its adoption of the Equality Impact Assessments. To ensure this happens Phase 2 of the Councils Equality Impact Assessment tool has been completed and is available for inspection. The division also ensures that its procurement practices take account of the requirements of the Race Relations Amendment Act in accordance with the non-statutory codified best practice issued by the ODPM	Ongoing
Safer City action/s	
The Division will continue to support the Council's corporate priority for making the city safer through reductions in crime. The fraud team will identify links between benefit fraud and residents involved in committing street crime. The improved information will support future targeted fraud detection work.	Ongoing
Operational Risk – Red Risk Actions	
Fraud team fail to investigate all cases where HB fraud exists. Action's been undertaken to mitigate this risk include undertaking increased proactive fraud detection work and a targeted fraud awareness campaign.	Ongoing
Delivery of the Audit Plan is inadequate resulting in S151 Officer/District Audit/Members etc being unable to place sufficient reliance on work. Action's been undertaken to mitigate this risk include closer joint working and planning with the external auditors and the continued focus on high risk areas	Ongoing
Audit work fails to identify control weaknesses and/or does not follow up to ensure recommendations are implemented. Action's been undertaken to mitigate this risk include closer links between corporate risk management systems and the audit planning process, continued staff training and development and further enhancements to the audit follow up process	Ongoing
Procurement team fail to identify sufficient level of savings. Action undertaken to mitigate this risk include developing a procurement forum to lead on strategic procurement issues, the rollout of a procurement toolkit and the development of a procurement training model	Ongoing
Gershon - Efficiency improvement	
The division has achieved the following savings: <ul style="list-style-type: none"> a) Negotiated reduction in insurance premium £140K (Cashable) b) Insurance Fund Interest £75K (Est.) (Used to maintain reserve/Non-cashable) c) Increased external income above budgeted income £5K (Est.) Cashable d) Achieved corporate savings of £306,888 (05/06) and identified savings of £349,494 (06/07) and £56, 426 (07/08) e) Improved Audit efficiency 90% of Audit Plan completed 04/05 compared to 69% 03/04 (Non-Cashable) f) Improved Fraud efficiency 30 Sanctions & Prosecutions 04/05 compared to 25 03/04 (Non-Cashable) 	

Section7: Resources



Budget

	<u>2006/07</u>	<u>2007/08</u>	
	£'000	£'000	
Employees	896	981	There has been a 20% increase in budgeted gross cost. This is due to the reduction of the procurement savings target and the transfer of a procurement post from IT.
Premises	0	0	
Transport	3	3	
Supplies and Services	137	309	
Miscellaneous			
– Recharges	236	238	
– Other	0	0	
Capital Financing	0	0	
Gross cost	1,272	1,531	
Less Income	(1,338)	(1,407)	
Net cost	(66)	124	

Section 7: Monitoring and reporting arrangement

Interim and outturn reports on progress of Audit against the Audit Plan Resources EMAP
 Corporate annual Risk Management report to Executive
 Resources monitoring reports