

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 APRIL 2012

INTERNAL AUDIT WORK AND RELATED INTERNAL CONTROL MATTERS
FOR THE CHILDREN AND YOUNG PEOPLE'S SERVICE DIRECTORATEJoint Report of the Head of Internal Audit
and the Corporate Director – Children and Young People's Services**1.0 PURPOSE OF THE REPORT**

- 1.1 To inform Members of the internal audit work performed during the year ended 29 February 2012 for the Children and Young People's Services (CYPS) Directorate and to give an opinion on the systems of internal control in respect of this area.
- 1.2 To consider the Statement of Assurance for 2011/12 signed by the Corporate Director – CYPS.
- 1.3 To consider the Risk Register for the Directorate.

2.0 BACKGROUND

2.1 The Audit Committee is required to assess the quality and effectiveness of the corporate governance arrangements operating within the County Council. In relation to the CYPS Directorate the Committee receives assurance through the work of the Internal Audit Service (as provided by Veritau Ltd), details of the Statement of Assurance provided by the Corporate Director, the Directorate Risk Register and the progress made to date by management to address the areas for improvement and the identified risks.

2.2 Accordingly there are four Appendices to this report:

Appendices 1A and 1B

A summary of the results of audit visits made to schools during the year, together with a summary of the visits made to private and voluntary Early Years providers.

Appendix 2

A summary of the **internal audit reports** issued in the year since the last report on the CYPS Directorate to the Audit Committee in April 2011. Specific attention is drawn to any priority 1 actions that management have chosen not to implement.

Appendix 3

The relevant extract from the **Statement of Assurance** provided at the 2010/11 year end by the Corporate Director detailing the issues identified and the actions planned or completed during 2011/12.

Appendix 4

A copy of the current **Directorate Risk Register** and the proposed actions to manage these risks.

2.3 The Risk Prioritisation System used to derive all Risk Registers across the County Council categorises risks as follows:-

- Categories 1 and 2 are high risk (RED)
- Categories 3 and 4 are medium risk (AMBER)
- Categories 5 and 6 are low risk (GREEN)

These categories are of course relative, not absolute assessments – equally the Risk Register at Directorate level is designed to identify the dozen or so principal risks that may impact on the achievement of performance targets, etc, for the Directorate as a whole in the year – it is not a full register of all the risks that are managed in the Directorate.

3.0 WORK DONE DURING THE YEAR ENDED 29 FEBRUARY 2012

3.1 Detail of the work undertaken for the CYPS Directorate and the outcome of those audits is provided in **Appendices 1A, 1B and 2**.

3.2 Veritau has also been involved in a number of other areas of work in respect of CYPS. These have included:

- (i) providing training courses for school governors on financial controls and the School Financial Value Standard
- (ii) reviewing LMS Procedure Rules, in conjunction with school representatives and officers from Finance and Management Support, Legal Services, NPG and the Corporate Property Landlord Unit
- (iii) contributing to training sessions at the termly secondary school bursar conferences
- (iv) offering advice to schools on tendering and quotation procedures in connection with devolved capital works
- (vi) publishing three editions of the Schools' Audit Newsletter to keep schools informed of best practice and recent developments
- (vii) contributing to conferences for Early Years providers, both in the maintained and private and voluntary sectors
- (viii) reviewing and issuing the Gifts And Hospitality Protocol For School Employees in the light of the introduction of the Bribery Act and other developments

- (ix) offering advice to schools and officers in Finance and Management Support during the pilot scheme for paying suppliers by BACS from school bank accounts
- (ix) carrying out a number of other special investigations that have either been communicated via the Whistleblowers' hotline or have arisen from issues and concerns raised with Veritau by CYPS management

3.3 As with previous audit reports an overall opinion has been given for each of the specific systems or areas under review. The opinion given has been based on an assessment of the risks associated with any weaknesses in control identified.

3.4 The opinions used by Veritau are provided for the benefit of Members below:

| | |
|----------------|--|
| High Assurance | Overall, very good management of risk. An effective control environment appears to be in operation |
| Substantial | Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified |
| Moderate | Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made |
| Limited | Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation |
| No Assurance | Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse |

3.5 The following categories of opinion are also applied to individual actions agreed with management:

Priority 1 (P1) – A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.

Priority 2 (P2) – A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.

Priority 3 (P3) – The system objectives are not exposed to significant risk, but the issue merits attention by management.

3.6 It is important that agreed actions are formally followed up to ensure that they have been implemented. Veritau now formally follow up all agreed actions on a quarterly basis, taking account of the timescales previously agreed with management for implementation. **On the basis of the follow up work undertaken during the year, the Head of Internal Audit is satisfied with the progress that has been**

made by management to implement previously agreed actions necessary to address identified control weaknesses.

3.7 All internal audit work undertaken by Veritau is based on an Audit Risk Assessment. Areas that are assessed as well controlled or low risk are reviewed less often and in our experience continue to be satisfactory between audits. Veritau's audit work is focussed on the higher risk areas. Veritau officers work closely with CYPS senior managers to address any areas of concern. The scope of many audits means that a large number of processes are reviewed with many of these being found to be satisfactory or better. In a number of the audits listed in **Appendices 1A, 1B and 2**, however, specific weaknesses were identified which need to be addressed.

4.0 **AUDIT OPINION**

4.1 Veritau works to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. In connection with reporting to Audit Committees, that guidance states that:

"The Head of Internal Audit's formal annual report to the organisation should:

- (a) include an opinion on the overall adequacy and effectiveness of the organisation's internal control environment
- (b) disclose any qualifications to that opinion
- (c) present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies
- (d) draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement
- (e) compare work actually undertaken with the work that was planned and summarise the performance of the Internal Audit function against its performance measures and criteria
- (f) comment on compliance with these standards and communicate the results of the Internal Audit quality assurance programme".

4.2 Issues identified in the audits undertaken in the year have included:

- recruitment checks not being fully completed and / or evidenced
- inventory disposals not being authorised correctly and Smartwater not being used to mark assets
- financial documentation not being properly completed and / or retained
- poor cash handling controls
- poor budgetary control arrangements

4.3 The overall opinion of the Head of Internal Audit on the controls operated in the CYPS Directorate is that they provide **Substantial Assurance**. There are no qualifications to this opinion and no reliance was placed on the work of other assurance bodies in reaching that opinion.

5.0 STATEMENT OF ASSURANCE AND DIRECTORATE RISK REGISTER

- 5.1 The Chief Executive and each Corporate Director provide a **Statement of Assurance** (SoA) at the end of each financial year. In this Statement, the Corporate Director identifies those items that may give rise to internal control or performance risk issues for their Directorate in the forthcoming year. These issues feed into the process that enables the Annual Governance Statement (AGS) to be prepared for the County Council.
- 5.2 **Appendix 3** details the items identified by the Corporate Director in May 2011 (the first two columns of the Appendix). Following the discussion at the March meeting, a *Progress to date* column has been added which records management action(s) planned or taken to date.
- 5.3 The **Directorate Risk Register** (DRR) is the end product of a systematic process that initially identifies risks at Service Unit level and then aggregates these via a sieving process to Directorate level. A similar process sieves Directorate level risks into the Corporate Risk Register.
- 5.4 **Appendix 4** summarises the risks identified when the DRR was last reviewed in March 2011. As with the SoA a *Progress to date* column has been added to record management action(s) planned or taken to date.

6.0 RECOMMENDATION

- 6.1 That Members consider the information presented in this report and determine whether they are satisfied that the internal control environment operating in the CYPS Directorate is both adequate and effective.

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Head of Internal Audit
Veritau Ltd

CYNTHIA WELBOURN
Corporate Director – Children & Young People's Services

County Hall
Northallerton

11 April 2012

BACKGROUND DOCUMENTS

Relevant Audit Reports kept by Veritau Ltd at 50 South Parade
Contact Roman Pronyszyn, extension 2284

Report prepared by Roman Pronyszyn, Client Relationship Manager and Ian Smithson, Principal Auditor. Report presented by Max Thomas, Head of Internal Audit

SCHOOL VISITS UNDERTAKEN IN THE YEAR ENDED 29 FEBRUARY 2012

Audit Visits

| Type of School | Audit Assurance | | | | | Total |
|----------------------|-----------------|-------------|-----------|----------|----------|-----------|
| | High | Substantial | Moderate | Limited | No | |
| Primary | 20 | 25 | 10 | 3 | 0 | 58 |
| Secondary | 11 | 3 | 2 | 0 | 0 | 16 |
| Special | 3 | 3 | 1 | 0 | 0 | 7 |
| Total 2011/12 | 34 | 31 | 13 | 3 | 0 | 81 |
| % 2011/12 | 42 | 38 | 16 | 4 | 0 | 100 |
| % 2010/11 | 38 | 43 | 17 | 2 | 0 | 100 |

Notes

- (a) The Audit Opinions expressed are defined in **paragraph 3.4 of the main report**.
- (b) Where the standards of control in a school or other establishment have been assessed as limited or no assurance, follow-up visits are made within six months to review the progress that has been made to implement agreed recommendations and improve controls. As will be seen above, three limited assurance opinions have been issued during the year and a follow up visit has already been made to one of the schools that fell into that category. That school has made significant improvements and their systems were recently reassessed as offering high assurance. Follow-up visits are planned for the other two schools in this category during the Summer term.
- (c) For the schools where a limited assurance opinion was expressed, the largest number of recommendations were made in the areas of contracting and purchasing, human resources and computer systems, and information governance.
- (d) Another common theme identified during many of the audit visits remains the failure to apply appropriate controls over the appointment of staff. In a number of schools key members of interview panels had not undergone the Safer Recruitment online training that the DCSF has made available. In addition, evidence was still not being retained, in many instances, of the checks carried out on the identity and qualifications of new members of staff. Such checks are a legislative requirement of the Immigration, Asylum and Nationality Act 2006.

Schools Financial Value Standard

- (a) The Schools Financial Value Standard (SFVS), has replaced the Financial Management Standard in Schools (FMSiS), and schools are expected to perform a self assessment against the new SFVS by 31st March 2013. However, those schools that never met the FMSiS, of which there are six primary schools in North Yorkshire, were required to undertake the self assessment by 31st March 2012. Returns have been received from four of those schools to date and these have been used to help inform the schools audit risk assessment.

Post 16 funding reviews at schools with Sixth Forms

- (a) On 1st April 2010, responsibility for funding school sixth forms transferred from the Learning & Skills Council to the Young Peoples Learning Agency (YPLA). In accordance with the Joint Audit Code of Practice drawn up by the YPLA it became the responsibility of local authorities to provide assurance to both the YPLA and the Skills Funding Authority in respect of that funding.
- (b) During the last year visits were made to six schools with sixth forms and four were assessed as providing high assurance and the remaining two substantial assurance.

**PRIVATE AND VOLUNTARY EARLY YEARS PROVIDERS AUDIT VISITS
UNDERTAKEN IN THE YEAR ENDED 29 FEBRUARY 2012**

- (a) During the year, visits were made to conduct in-depth system reviews at 44 of the 320 private and voluntary early years providers that are supported by CYPS. Of the providers visited, 16 were assessed as giving a high level of assurance, 24 gave a substantial level of assurance and 2 gave a moderate level of assurance. The other 2 providers were assessed as giving a limited level of assurance and a recent visit to one of them has established that little has changed in the six months since the first visit. Discussions are ongoing with officers in CYPS to identify what further action should be taken.

FINAL AUDIT REPORTS ISSUED IN THE YEAR ENDED 29 FEBRUARY 2012

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|----------------------------------|-----------------------|---|--------------|--|--|
| A | Connecting Youth Culture (10/11) | Substantial / Limited | A review of the activities of the section, concentrating on arrangements for the annual Youth Festival including income, banking and the appointment of contractors | 1 March 2011 | Arrangements for the appointment of artists and other contractors were generally good. However, for income and banking, the arrangements for managing risk were poor, with insurance guidelines being breached and irreconcilable income records | <p>One P3 finding and two P2 findings were agreed with management and documented within the audit report</p> <p>Responsible Officers:</p> <p>CYC Countywide Support Manager</p> <p>Finance and Administration Officer</p> <p>EDU Continuing Education Finance Officer – LYS</p> <p>Sample testing of the top 5 most popular artforms will be conducted on a termly basis to ensure appropriate selection criteria.</p> <p>All CRB / insurance / contract details will recorded be on the database of artists – any with public liability insurance that has expired and no renewal provided will be greyed out to mark that the artist is not to be used.</p> |

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|--|---------------|---|--------------|---|--|
| | | | | | | <p>No family tickets will be sold for the Festival this year.</p> <p>All income will be reconciled within two weeks of the festival date, and this will be checked by the relevant Business Support Officer in Finance.</p> <p>Banking will be done in line with insurance guidelines, either at the nearest Barclays Bank or through a security firm. If neither option is feasible, more advice will be sought from Veritau and / or Exchequer Services.</p> |
| B | Children's Centres – Central and North Ryedale (10/11) | High | A review to validate financial and system controls including contracting, income and banking, and IT security | 1 April 2011 | Arrangements were found to be good, with only minor problems with stock checking, disposal of assets and keys to access petty cash identified | <p>Three P3 findings were agreed with management</p> <p>Responsible Officers:</p> <p>Centre Manager</p> <p>Finance and Premises Officer</p> <p>All new items will be added to the inventory as they are purchased, and the stock check will be carried out by a independent member of staff. The new template will be used to record assets.</p> <p>A safe with an electronic keypad will be purchased and installed.</p> |

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|---|---------------|--|---------------|---|--|
| C | Children's Centres – Wensleydale and Richmond (10/11) | Substantial | A review to validate financial and system controls including contracting, income and banking, and IT security | 18 April 2011 | <p>The main issues identified in this audit related to:</p> <ul style="list-style-type: none"> • Contracts, ordering and purchasing • Budgetary control • Asset management • Petty cash | <p>Six P3 findings were agreed with management.</p> <p>Responsible Officers:</p> <p>Centre Manager</p> <p>Premises and Finance Officer</p> <p>Five recommendations were implemented immediately</p> <p>The use of official orders will be monitored.</p> |
| D | Special Educational Needs | High | A review of the systems in place for assessing the needs of individual children, commissioning and paying for care and educational services from private providers and other local authorities. Efficiencies are expected from this area as a result of the implementation of the SEN review | 16 Dec 2011 | The audit concluded that risks were well managed and that an effective control environment operated in the area. No issues were identified | No actions were raised in the audit report |

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|--|---------------|--|---------------|---|---|
| E | Home to School Transport | High | Home to school transport is a significant part of non-schools expenditure (£22m out of £77m) and therefore has to make its contribution to CYPs savings. A number of measures to reduce costs have been identified within the Directorate's savings plan. The audit considered the progress made to implement those measures | 19 Dec 2011 | Several of the targeted savings have been achieved, such as negotiation of a lower than budgeted inflationary increase for contracts, the majority of schools have agreed to common training days, taxis are used as a last resort for the majority of cases and transport costs in the Pupil Referral Services and Special Educational Needs are being closely monitored | <p>One P3 finding has been agreed with management</p> <p>Responsible Officer</p> <p>Client Transport Manager</p> <p>A review of potential savings by using safer walking routes will be completed by the end of the financial year.</p> |
| F | Children's Centres – Knaresborough and Boroughbridge (10/11) | Substantial | A review to validate financial and system controls including contracting, income and banking, and IT security | 28 April 2011 | <p>The main issues identified in the audit related to:</p> <ul style="list-style-type: none"> • Ordering, purchasing and payment authorisation • Income • Asset management • Petty cash • Banking | <p>One P2 and six P3 findings have been agreed with management</p> <p>Responsible Officer:</p> <p>Children's Centre Manager</p> <p>Senior Admin Manager</p> <p>Income will be banked intact and recorded regularly on the income record. Banking will be carried out more regularly and the insurance limit for the safe will be determined.</p> <p>A full quotation exercise will be undertaken for all procurement in excess of £5000 and all documentation retained.</p> |

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|--------------------------------|---------------|---|-------------|--|--|
| | | | | | | <p>Disposals will be authorised by initials on the electronic record, then counter-signed on the printed copy.</p> <p>There will be separate petty cash for each centre, and reimbursements will not be made unless a valid receipt is provided.</p> |
| G | Children's Centres – The Ghyll | High | A review to validate financial and system controls including contracting, income and banking, and IT security | 1 Sept 2011 | <p>Overall, procedures were found to be good. However, there were a small number of issues relating to:</p> <ul style="list-style-type: none"> • the amenity fund • food deliveries • use of the corporate Barclaycard • incorrect VAT recording • inaccuracies in recording admissions and discharges • insurance | <p>Five P3 findings were identified and agreed with management</p> <p>Responsible Officers:</p> <p>Centre Manager</p> <p>Deputy Centre Manager</p> <p>Administrator</p> <p>A new bank account is being set up for the amenity fund, which will be reconciled and audited by an independent person.</p> <p>Food deliveries will be counter-signed, and ordered by the card holder. VAT receipts will be obtained for food orders.</p> <p>The day and night book will be checked and signed off daily, then monitored weekly.</p> |

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|----------------------------|---------------|---|-------------|---|---|
| | | | | | | <p>Public liability insurance certificate has been obtained for the contractor.</p> <p>All minibus drivers have been emailed for verification of driving licences and insurance, and these will be signed off.</p> |
| H | Nidderdale Resource Centre | High | A review to validate financial and system controls including contracting, income and banking, and IT security | 9 Sept 2011 | <p>Issues highlighted as a result of the audit included:</p> <ul style="list-style-type: none"> • food deliveries • the amenity fund • maintenance of the inventory and stock checking • signing of the day and night book • bed returns | <p>Four P3 findings were agreed with management</p> <p>Responsible Officers:</p> <p>Group Leaders</p> <p>Admin Manager</p> <p>Residential Administrator</p> <p>Residential Manager</p> <p>Food purchases will now be done online, and the delivery note checked by staff.</p> <p>Periodic checks of food purchased will be made against receipts by Group Leaders.</p> <p>Admin Manager to undertake audit of the Amenity Fund.</p> <p>Inventory details updated and a stock check to be carried out.</p> <p>All staff on Waking Night Duty to sign Day and Night book, Group Leaders to sign weekly.</p> |

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|----------------------------------|---------------|---|-------------|---|---|
| | | | | | | Bed statistics to be completed by Waking Night Staff. |
| I | Children's Centres – Forest Lane | High | A review to validate financial and system controls including contracting, income and banking, and IT security | 22 Dec 2011 | Procedures were found to be very good. The only issues identified related to self-certification forms and asset management | <p>Two P3 findings were agreed with management</p> <p>Responsible Officers:</p> <p>Registered Manager</p> <p>Group Leader</p> <p>Manager Group</p> <p>Children's Care Worker</p> <p>Allowing for shift patterns, return to work interviews will be carried out as soon as possible after the member of staff returns to work after a period of sickness.</p> <p>A stock check will be carried out, and signatures will be obtained for disposals.</p> |
| J | Adult Learning – Harrogate Rural | High | A review of the procedures for the collection and banking of enrolment fees | 25 Aug 2011 | Overall, procedures were found to be very good. Minor issues relating to the recording of income and refunds on AQUA and the completion of the inventory record were identified | <p>Two P3 findings were agreed with management</p> <p>Responsible Officers</p> <p>Adult Learning Support Assistant</p> <p>Education Officer</p> <p>The anomaly surrounding recording of refunds on AQUA will be investigated.</p> |

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|--------------------------------|---------------|---|-------------|---|---|
| | | | | | | The inventory has been amended as required, and the signed hard copy is now held on file. |
| K | Adult Learning – Richmondshire | High | A review of the procedures for the collection and banking of enrolment fees | 17 Aug 2011 | <p>The following issues / required improvements were identified during the audit:</p> <ul style="list-style-type: none"> • Reconciliations should be carried out between AQUA and the banking spreadsheets • Copies of qualifications should be retained on files • Documentation should be retained on file to support fee remissions • The electronic inventory should be updated and any disposals should be authorised by an appropriate person | <p>Four P3 findings have been identified and agreed with management</p> <p>Responsible Officers:</p> <p>Admin Staff</p> <p>Admin Support Officer</p> <p>All staff</p> <p>Centre Manager</p> <p>All members of staff will follow the course bookings procedure fully.</p> <p>Copies of qualifications are being sourced.</p> <p>Information will be retained on files to support fee remissions.</p> <p>The inventory will be updated and a stock check carried out.</p> |

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|------------------------------|---------------|---|-------------|---|--|
| L | Adult Learning – Selby | High | A review of the procedures for the collection and banking of enrolment fees | 12 Oct 2011 | Procedures were found to be good. Two minor issues were identified relating to the reconciliation of AQUA to the banking spreadsheets and asset management | <p>Two P3 findings were agreed with management</p> <p>Responsible Officers:</p> <p>ALS Manager</p> <p>Adult Learning Support Assistant</p> <p>Admin staff have been reminded of the need to take care when recording income details. Spot checks will be carried out once per term.</p> <p>A copy of the electronic inventory has been received and will now be used.</p> |
| M | Adult Learning – Scarborough | High | A review of the procedures for the collection and banking of enrolment fees | 10 Aug 2011 | Procedures were found to be generally good, with minor issues relating to reconciliation of AQUA to the banking spreadsheets, failure to retain sufficient evidence to support fee remissions and detail missing from the inventory | <p>Three P3 findings were identified and agreed with management</p> <p>Responsible Officer:</p> <p>Adult Learning Support Officers</p> <p>Adult Learning Support Assistant</p> <p>All Admin Team</p> <p>AQUA will be reconciled monthly to the banking sheets.</p> <p>No learner enrolment fee will be exempt without appropriate documentation to support the exemption.</p> |

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|-----------------------------|---------------|--|--------------|--|---|
| | | | | | | The inventory records will be updated to include all relevant fields. |
| N | Adult Learning – Management | Substantial | A review of the centrally operated procedures for managing the AQUA online course booking system | 7 March 2012 | <p>The main issues identified through the audit were:</p> <ul style="list-style-type: none"> • Over-planning of courses • Inconsistencies in how receipts are issued • Coding of debit/credit card income to the correct Oracle code • Lack of supporting documentation for refunds • Lack of documentation to prove entitlement to concessions • Failure to Smartwater IT equipment | <p>Six P3 findings were agreed with management</p> <p>Responsible Officers:</p> <p>Principal Officer Adult Learning</p> <p>Service Development Managers</p> <p>A full service review will be carried out, and a new structure implemented which will aid with planning courses.</p> <p>Processes regarding the issuing of receipts and refunds will be standardised. Details will be circulated.</p> <p>Discussions will be held with Finance to see whether the process for coding PDQ income can be streamlined.</p> <p>Evidence of age for concessions will be sought.</p> <p>Smartwater will be purchased and used on all IT equipment.</p> |

| | System/Area | Audit Opinion | Area Reviewed | Date Issued | Comments | Action Taken |
|---|---------------------------|---------------|--|---------------|---|---|
| O | Outdoor Education Service | High | The review looked at the new system and controls in place for managing the service's budgets centrally | 26 March 2012 | The main issues identified during the audit related to the storage of petty cash, ordering goods and services, ICT security and inventory records | <p>Three P3 findings were agreed with management.</p> <p>Responsible Officers:</p> <p>Head of Service</p> <p>Office Manager</p> <p>All petty cash is now stored in the safe. The Centre has also invested in a key safe that is used for storing all keys including the safe key.</p> <p>The Centre has adopted a scheme of delegation, setting out limits and types of expenditure that named senior staff are authorised to purchase.</p> <p>A stock check has been carried out by a member of staff who is independent of updating the inventory record. The next stock check is due in August 2012.</p> |

EXTRACT FROM STATEMENT OF ASSURANCE PROVIDED BY THE CORPORATE DIRECTOR – CHILDREN & YOUNG PEOPLE’S SERVICES

| Areas for improvement | Action proposed | Progress to date (March 2012) |
|--|---|--|
| <p>A Maintaining and improving performance and achievement of reducing financial provision through the MTFS</p> <p>The Medium Term Financial Strategy includes a reduction in funding to CYPS of over £23m over the 5-year period 2010 – 2015</p> | <p>The Directorate’s approach to these challenging times involves radical review of all parts of the service. The objective is to enable a significantly reorganised Directorate to operate effectively across its universal, preventative, targeted and acute service responsibilities, in line with legislation. This reflects the national priority for strong educational outcomes for children, supported by an effective approach to vulnerable children and to safeguarding.</p> <p>Due to the unavoidable extra costs of child placements (see B below), the requirement for additional social workers and the delivery of the ICS Recovery Plan, the financial situation has been exacerbated and additional resources directed to these areas. However the funding strategy includes more effective and efficient placement management as well as making savings where possible on other areas of high need and cost, such as Home to School Transport.</p> <p>As in 2010/11, future delivery of the savings strategy will require the use of one-off reserves which have been specifically set aside for this purpose. This is where recurring savings, although secure in the long term, cannot, in a limited number of instances, be met in the front-loaded timescale of funding reductions.</p> <p>A detailed and challenging programme of savings and efficiencies has been developed to meet the recurring savings targets set in the MTFS.</p> <p>Alongside this the Directorate will maintain control on areas of financial pressure through robust planning, management and budget monitoring.</p> | <p>The CYPS has been proactive and strategic in its approach to the need for large savings. Its Savings and Transformation Strategy is well-embedded. It identifies clear priorities for the Service based on statutory duties and key performance issues. Priorities have been established on the basis of Needs Analysis, not simply by protecting the status quo. It is a programme for change, therefore, as well as for making savings.</p> <p>The Directorate exceeded its financial targets for 2011/12, and has accelerated over £2m of savings from later years, producing a one-off cash benefit to the County Council. It is on course to deliver fully on its targets for 2012/13 It has maintained a careful eye on performance, and its Annual Assessment by OfSTED, published in November 2011, again deemed the Service to be “Performing Well”. A new Children and Young People’s Plan has been developed and provides an up-to-date framework for performance and a context for the Savings strategy. CYPS is committed to maintaining and improving performance whilst managing substantial financial retrenchment.</p> |

| Areas for improvement | Action proposed | Progress to date (March 2012) |
|------------------------------|---|---|
| <p>B Safeguarding</p> | <p>Since the crisis in Haringey over the death of Baby Peter, all authorities and other agencies working with children, including North Yorkshire, have needed to respond to the challenges of -</p> <ul style="list-style-type: none"> • increased expectations on all aspects of safeguarding • an increase in the number of assessments which Social Care staff have to undertake • an increase in the number of children placed into care <p>The increase in child placements and the necessity of enhancing social work provision for assessment and safeguarding have created very significant budgetary requirements.</p> <p>The need to make progress in these areas was also reflected in the recommendations from two Inspections, during 2010, even though NYCC's inspection judgements were better than the majority for other authorities whose inspections were carried out in the same period. Inspection outcomes during 2010 and 2011 show that the required improvements have been made.</p> <p>The financial actions taken have included -</p> <ul style="list-style-type: none"> • additional provision for child placement in 2010/11 of at least £1.25m; despite the increase in demand there has been no increase in the proportion of placements using much more expensive external sources rather than, for example, in-house foster care. • provision in 2009/10 for 9 additional Social Workers with further provision for 12 extra Social Workers in 2010/11 (in aggregate an additional budget provision of £800k). <p>Further work will continue to improve the efficiency and effectiveness of this placements strategy during 2011/12 and the expected outcomes of this are factored into efficiency savings – with no impact on service quality – in the later years of the MTFs.</p> | <p>The Directorate maintained a Children's Social Care Improvement Plan between Autumn 2009 and October 2010. It planned in detail the required improvements in IT infrastructure, in the IT software (ICS PROTOCOL), in Social Work staffing levels for Assessment and Safeguarding, in the consistency of processes across the County, and in the timeliness with which assessments of children thought to be at risk of harm were carried out.</p> <p>The Plan was monitored regularly by the Director and a team of relevant staff from all parts of the County Council. Progress was reported on a regular basis to Executive Members, to the Children's Trust and to the Local Safeguarding Children Board.</p> <p>Good progress has been made on all fronts. Systems are now working well, staff are in place and performance has improved significantly.</p> <p>This is an area of work which requires persistent, close attention, and in which there is always scope for learning and improvement. Following completion of the actions in the CSC Improvement Plan, therefore, the Directorate developed a similarly detailed Plan for the next set of priorities for improvement. It is being managed and monitored in the same way as the first Plan.</p> |

| Areas for improvement | Action proposed | Progress to date (March 2012) |
|--|---|--|
| <p>C Maximise Resources and use them fairly across North Yorkshire schools and settings</p> | <p>At a time of national debate and destabilisation of the allocation of resources to schools, one of the main priorities will be to act as an advocate for schools in North Yorkshire and to ensure that the County Council contributes to the debate regarding the funding of all types of schools.</p> <p>At a local level CYPS will continue to pursue its policy of maximising headroom in the Dedicated Schools Grant to support school autonomy and schools' shared priorities. This will also involve a review of the formula basis for grants which were mainstreamed in 2011/12.</p> <p>At the same time CYPS will ensure that there is effective management of centrally co-ordinated DSG resources and demonstrate Value for Money in traded services and also in CYPS-funded services which are free at the point of use for maintained schools, or provided on a fee basis to others (including Academies).</p> | <p>Further delegation to schools in 2011/12 and a review of how some grants were allocated has increased the spending power of headteachers and governors by over £5m – an increase welcomed by schools facing cash frozen budget allocations while costs continue to increase.</p> <p>Traded Services use benchmarking to evidence Value for Money.</p> |

CHILDREN & YOUNG PEOPLE'S SERVICES - RISK REGISTER

| | | Current Risk Rating | Post Risk Rating | Progress to date (March 2012) |
|----------|---|---------------------|------------------|--|
| A | Failure to create a single service for children and young people (0-25) with SEND, cover costs of provision as a result of changes to funding responsibilities for 16-19 year olds DSG reduction, bring together assessment approaches and commissioning decisions to improve efficiency, ensure services are value for money and improve transparency for families | 2 | 2 | The project is well underway, although changes just announced in DSG funding may impact on the service and this is being investigated. |
| B | Failure to review contribution to funding of joint services resulting in inability to achieve overall MTFS saving requirements | 2 | 3 | This is a problematic area given the major changes in Health and Justice funding on top of LA cuts. Work is ongoing. |
| C | Failure to restructure the music service to ensure that current core budget support is eliminated over a 2 year period resulting in inability to meet MTFS targets. Outcome of National Review still awaited before further progressing this risk | 2 | 3 | Work is on hold pending major national changes to relevant policy and funding. |
| D | Failure to commission effectively and achieve the required reduction in number of Looked after Children leads to inefficient use of resources and budgetary pressures across Children's Social Care | 2 | 4 | <p>Arrangements for decisions to place in care and for determining the detailed placements have been fundamentally reviewed. The work is now overseen by regular panels, chaired by an Assistant Director, so that tighter gatekeeping is exercised.</p> <p>Expenditure is expected to be contained within the 2011/12 budget. Numbers have reduced from 481 at the start of the financial year to 465 in February, although there has been a change in the mix of placements.</p> |

| | | Current Risk Rating | Post Risk Rating | Progress to date (March 2012) |
|----------|--|---------------------|------------------|---|
| E | Failure to create opportunities for more efficient ways of working by rationalising accommodation and reviewing the size, mix and deployment of the CSC workforce by 31/03/2013 results in inability to meet MTFS targets | 3 | 3 | A review has been completed and implemented and MTFS targets are on their way to being achieved, with the service expected to exceed its targets in 2011/12. |
| F | Failure to ensure that business support, administrative and training functions for the Directorate as a whole are sufficient, well-managed and confident following major review and reduction under the MTFS resulting in failure to meet MTFS targets, negative impact upon service delivery and requirements for additional job losses | 3 | 3 | Review undertaken and implemented with savings now achieved. The Directorate is well placed to move forward as part of the One Council workstream for Admin and Business Support. |
| G | Failure to meet Health and Safety statutory requirements in relation to staff, service users and contractors resulting in possible loss of life/injuries, prosecution, claims, media attention, fines | 3 | 3 | The Directorate's arrangements for Health and Safety remain comprehensive and vigilant. There are no savings, reorganisation or policy changes which would impact adversely on Health and Safety. In Capital planning this remains a high priority and in all other areas of work, managers continue to monitor activities and strengthen arrangements wherever necessary. CYPs Leadership Team has also received specific training on Health and Safety for senior managers. |
| H | Failure to achieve significant efficiencies in provision of home to school and college transport (MTFS Project 7) resulting in increased pressure in other areas of the Directorate's MTFS | 4 | 4 | Savings have been achieved, ahead of schedule, through better procurement and lower costs. |

| | | Current Risk Rating | Post Risk Rating | Progress to date (March 2012) |
|----------|--|----------------------------|-------------------------|--|
| I | Failure to ensure that, through a joint strategy with schools, DSG resources are used efficiently so as to increase delegation and maximise headroom in the DSG to help to sustain pupil and curriculum-related services. This results in further savings being required from services which are used by schools and pupils | 5 | 5 | This has been implemented and has resulted in lower costs to the County Council from the Government's Academy programme. |
| J | Failure to ensure that the Authority is able to provide high quality support, challenge and intervention in relation to school and early years/child care settings within reduced resources resulting in inability to meet MTFS targets - Completed, but still being monitored | 5 | 5 | Re-organisation of the School Improvement Service (Quality and Improvement) had now been embedded and has been received well by the overwhelming majority of schools. |
| K | Failure to secure the provision of preventative services for children and young people through well-targeted services, efficiently run and, where appropriate, well integrated with other parts of the directorate and other agencies resulting in inability to provide efficient and effective services and meet MTFS targets | 5 | 5 | The reviews of preventative services in Integrated Services and Integrated Youth Support have now been implemented and provide a secure base for the County Council and further review and implementation within the Directorate, with the restructure and reallocation of the Learning, Youth and Skills service. |
| L | Failure to improve the efficiency and effectiveness of Integrated Youth Support and the Youth Service by integrating some aspects of the arrangements that apply for management and delivery resulting in inability to meet MTFS targets | 6 | 6 | This has now been achieved. |

| | | Current Risk Rating | Post Risk Rating | Progress to date (March 2012) |
|----------|--|----------------------------|-------------------------|--------------------------------------|
| M | Failure to restructure the Outdoor Education Service to ensure the elimination of the LA Subsidy resulting in failure to meet MTFS targets | 6 | 6 | This has now been achieved. |
| N | Failure to review projects receiving small scale financial support from CYPS resulting in inability to meet saving required | 6 | 6 | This has now been achieved. |