

Agenda

Meeting: Audit Committee

Venue: Grand Meeting Room, County Hall, Northallerton

Date: Thursday 4 December 2014 at 1.30 pm

Note: Members are invited to attend a seminar concerning 2020 North Yorkshire at 1.00 pm in the Grand Meeting Room.

Recording is allowed at County Council, committee and sub-committee meetings which are open to the public, subject to:- (i) the recording being conducted under the direction of the Chairman of the meeting; and (ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available to download below. Anyone wishing to record must contact, prior to the start of the meeting, the Officer whose details are at the foot of the first page of the Agenda. Any recording must be clearly visible to anyone at the meeting and be non-disruptive. <http://democracy.northyorks.gov.uk/>

Business

1. **Minutes of the meeting held on 25 September 2014.**

(Pages 1 to 7)

2. **Public Questions or Statements.**

Members of the public may ask questions or make statements at this meeting if they have given notice to Ruth Gladstone of Democratic Services (*contact details below*) by midday on Monday 1 December 2014. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:-

- at this point in the meeting if their questions/statements relate to matters which are not otherwise on the Agenda (subject to an overall time limit of 30 minutes);
- when the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting.

If you are exercising your right to speak at this meeting, but do not wish to be recorded, please inform the Chairman who will instruct those taking a recording to cease while you speak.

3. **Appointment of External Members of the Committee** – Report of the Chairman of the Committee.
(Pages 8 to 9)
4. **Progress on Issues Raised by the Committee** – Joint report of the Corporate Director – Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services).
(Pages 10 to 12)
5. **External Auditor’s Annual Audit Letter on the 2013/14 Audit.**
(Pages 13 to 23)
6. **Accounting Policies** - Report of the Corporate Director – Strategic Resources.
(Pages 24 to 30)
7. **Contract Management** - Report of the Corporate Director – Strategic Resources.
(Pages 31 to 36)
8. **Audit Committee Terms of Reference** - Report of the Corporate Director – Strategic Resources.
(Pages 37 to 41)
9. **Internal Audit Work and Related Internal Control Matters for the Business and Environmental Services Directorate:-**
 - (a) Report of the Head of Internal Audit.
(Pages 42 to 51)
 - (b) Report of the Corporate Director – Business and Environmental Services.
(Pages 52 to 80)
10. **Progress on 2014/15 Internal Audit Plan** - Report of the Head of Internal Audit.
(Pages 81 to 96)
11. **Risk Management – Progress Report** - Report of the Corporate Director – Strategic Resources.
(Pages 97 to 128)
12. **Programme of Work** – Report of the Corporate Director – Strategic Resources.
(Page 129)
13. **Other business which the Chairman agrees should be considered as a matter of urgency because of special circumstances.**

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)

County Hall
Northallerton

26 November 2014

Notes:

- (a) Members are reminded of the need to consider whether they have any interests to declare on any of the items on this agenda and, if so, of the need to explain the reason(s) why they have any interest when making a declaration.

The relevant Democratic Support Officer or Monitoring Officer will be pleased to advise on interest issues. Ideally their views should be sought as soon as possible and preferably prior to the day of the meeting, so that time is available to explore adequately any issues that might arise.

(b) **Emergency Procedures for Meetings**

Fire

The fire evacuation alarm is a continuous Klaxon. On hearing this you should leave the building by the nearest safe fire exit. From the **Grand Meeting Room** this is the main entrance stairway. If the main stairway is unsafe use either of the staircases at the end of the corridor. Once outside the building please proceed to the fire assembly point outside the main entrance

Persons should not re-enter the building until authorised to do so by the Fire and Rescue Service or the Emergency Co-ordinator.

An intermittent alarm indicates an emergency in nearby building. It is not necessary to evacuate the building but you should be ready for instructions from the Fire Warden.

Accident or Illness

First Aid treatment can be obtained by telephoning Extension 7575.

AUDIT COMMITTEE

1. Membership

County Councillors (8)							
	<i>Councillors Names</i>				<i>Political Party</i>		
1	ATKINSON, Margaret (Vice-Chairman)				Conservative		
2	BACKHOUSE, Andrew (Chairman)				Conservative		
3	BROADBENT, Eric				Labour		
4	CHANCE, David				Conservative		
5	CLARK, Jim				Conservative		
6	GRANT, Helen				NY Independent		
7	HOULT, Bill				Liberal Democrat		
8	JORDAN, Mike				Conservative		
Members other than County Councillors (3)							
1	Vacancy						
2	Vacancy						
3	Vacancy						
Total Membership – (11)				Quorum – (3) County Councillors			
Con	Lib Dem	NY Ind	Labour	Liberal	UKIP	Ind	Total
5	1	1	1	0	0	0	

2. Substitute Members

Conservative		Liberal Democrat	
	<i>Councillors Names</i>		<i>Councillors Names</i>
1	FORT, John BEM	1	De COURCEY-BAYLEY, Margaret-Ann
2	HARRISON-TOPHAM, Roger	2	
3	SANDERSON, Janet	3	
4	METCALFE, Chris	4	
5		5	
NY Independent		Labour	
	<i>Councillors Names</i>		<i>Councillors Names</i>
1	BLACKIE, John	1	SHAW-WRIGHT, Steve
2	JEFFERSON, Janet	2	
3		3	
4		4	
5		5	

North Yorkshire County Council

Audit Committee

Minutes of the meeting held on Thursday 25 September 2014 at 1.30 pm at County Hall, Northallerton.

Present:-

County Councillor Members of the Committee:-

County Councillor Andrew Backhouse (in the Chair); County Councillors Margaret Atkinson, Eric Broadbent, David Chance, Helen Grant, Bill Hoult and Mike Jordan.

Independent Observer:-

Mr David Portlock.

In Attendance:-

County Councillor Carl Les (Executive Member for Central and Financial Services including assets, IT and procurement).

Deloitte LLP Officers: Celia Craig and Alistair Lince.

Audit North Officers: Angela Mulroy and Stuart Fallowfield.

Veritau Ltd Officer: Max Thomas (Head of Internal Audit).

County Council Officers: Paul Cresswell (Assistant Director - Strategic Resources), Ruth Gladstone (Principal Democratic Services Officer), Gary Fielding (Corporate Director – Strategic Resources) and Peter Yates (Assistant Director - Corporate Accountancy).

Apology for Absence:-

An apology for absence was received from County Councillor Jim Clark.

Copies of all documents considered are in the Minute Book

82. Minutes

Resolved –

That the Minutes of the meeting held on 17 July 2014, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

83. Public Questions or Statements

There were no public questions or statements from members of the public.

84. Progress on Issues Raised by the Committee

Considered -

The joint report of the Corporate Director – Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services) which advised of progress on issues which the Committee had raised at previous meetings, and provided an update concerning Treasury Management.

The Corporate Director – Strategic Resources confirmed that the topic of contract management would be brought before Audit Committee Members in the near future, either formally or informally.

In relation to Treasury Management, the Assistant Director - Corporate Accountancy confirmed that debt repayment was always an option for the County Council, although there were significant penalty payments to the Public Works Loan Board of premature repayment.

Resolved -

That the report be noted.

85. Report to Members on the 2013/14 Audit by the External Auditor

(a) North Yorkshire Pension Fund

Considered -

The report of the External Auditor (Deloitte) which advised of the principal matters that had arisen from the audit of the North Yorkshire Pension Fund for the year ended 31 March 2014.

Alistair Lince (Deloitte), in introducing the report, highlighted that Deloitte had identified no material statements or significant deficiencies in internal controls at the North Yorkshire Pension Fund.

There were two minor uncorrected misstatements which were described on page 33 of the papers for this meeting. It was clarified that, whilst auditors were required to use the term “misstatement”, these were not necessarily errors. The two minor misstatements had arisen due to timing differences on investment valuations. Members advised that they were not asking Management to correct these two minor misstatements.

Alistair Lince advised that the only outstanding matter for Deloitte was receipt of the signed Letter of Representation following this meeting.

Resolved -

That the report be noted.

(b) North Yorkshire County Council

Considered -

The report of the External Auditor (Deloitte) which set out the principal matters which had arisen from the audit of North Yorkshire County Council for

the year ended 31 March 2014. A revised version of Appendix 1 to the report was circulated at the meeting which advised of an uncorrected misstatement relating to a Pension asset overstatement. This misstatement had arisen due to timing differences. (A copy of the revised Appendix 1 is in the Minute Book.)

Celia Craig (Deloitte), in introducing the report, highlighted that all outstanding matters had been resolved and it would therefore be possible, after this meeting, for Deloitte to issue an unmodified audit opinion on the truth and fairness of the financial statements and an unqualified value for money conclusion. Deloitte had identified no significant deficiencies in internal control. Deloitte had completed work locally on the Whole of Government Accounts.

In respect of the withdrawal of Waste PFI credits, Celia Craig confirmed that the approach adopted by management was considered, by Deloitte, to be reasonable. She reported that the arrangements in relation to the County Council's Waste Project had not impacted on Deloitte's value for money conclusion. Deloitte intended to issue a close-down version of its report which would reflect that position.

Celia Craig advised that Deloitte was grateful to the Corporate Director – Strategic Resources and his team for their assistance and co-operation during the course of the audit. She also advised that the audit had gone smoothly, had been very constructive, and that Deloitte's report was very positive.

Resolved -

That the report be noted.

86. North Yorkshire Pension Fund Annual Report 2013/14

Considered -

The report of the Corporate Director - Strategic Resources and Treasurer to the Pension Fund. The report appended the North Yorkshire Pension Fund Annual Report for the financial year 2013/14.

Resolved -

That the report be noted.

87. Review of Statement of Final Accounts (incorporating Annual Governance Statement) – Report from the Audit Committee Members' Working Group

Considered -

The report from the Audit Committee Members' Working Group which:- advised of issues identified by the Working Group in reviewing the draft Statements of Final Accounts (SoFA) and the draft Annual Governance Statement (AGS); advised of actions taken as a result of issues being identified; and offered an opinion on the draft SoFA and draft AGS for 2013/14 in advance of the Audit Committee being asked to approve them. The Working Group had comprised the Chairman, Vice-Chairman, County Councillor David Chance and Mr David Portlock.

The Chairman advised that he had immense respect for Mr David Portlock and the thoroughness of his work, which was very much appreciated.

Resolved -

That the report be noted.

88. Statement of Final Accounts for 2013/14 including Letter of Representation

Considered -

The report of the Corporate Director - Strategic Resources which sought the Committee's approval of the following:- a Letter of Representation for submission to the External Auditor; a Statement of Final Accounts (SoFA) for 2013/14 following completion of the external audit of those accounts; and the Annual Governance Statement for 2013/14. The Assistant Director - Corporate Accountancy advised of a number of largely technical updates to the Final SoFA and circulated a synopsis of the technical changes.

During debate, a Member asked about the loan-facility which the County Council provided to NYnet Ltd, as mentioned on page 64 of the Statement of Accounts 2013/14 booklet. The Assistant Director - Corporate Accountancy advised that this was a maximum loan of up to £10M, the balance of which was £7,930k. It was not a fixed loan. Instead it was a cash flow loan which varied over time. Members expressed the view that this should be made clearer within the Final SoFA by including additional text within the last paragraph concerning NYnet Ltd in the Statement of Accounts booklet.

The Corporate Director - Strategic Resources asked that his thanks be recorded to Peter Yates, Tom Morrison and their teams, particularly given workloads during the past year. He also thanked the Chairman and Members of the Committee for the huge amount of work they had put into considering the SoFA and for their input which was very welcome and the External Auditor for the way in which they had engaged with the Council.

Resolved -

- (a) That the Letter of Representation, as set out in Appendix A to the report, be approved and the Chairman be authorised to sign the Letter on behalf of the Committee.
- (b) That the changes to the Final SoFA 2013/14, as set out in paragraph 4 of the report and Appendix B to the report, be noted, that the Final SoFA for 2013/14 be approved subject to the inclusion of additional text within the last paragraph concerning NYnet Ltd on page 64 of the Statement of Accounts 2013/14 booklet to clarify that the County Council provides a loan-facility of up to £10M, and that the Chairman be authorised to sign the Balance Sheet as set out at Appendix B to the report.
- (c) That the Annual Governance Statement 2013/14 be approved and the Chairman be authorised to sign the Annual Governance Statement on the Committee's behalf.

89. Annual Report of the Audit Committee

Considered –

The report of the Chairman of the Audit Committee which invited Members to consider, prior to its submission to the County Council, the draft Annual Report of the Audit Committee for the year ended 30 September 2014. The draft Annual Report was appended to the Chairman's report.

The Chairman thanked Max Thomas (Head of Internal Audit) for preparing the report and for his work during the previous year.

Resolved -

- (a) That the report be noted.
- (b) That the draft Annual Report of the Audit Committee, as appended to the report of the Committee's Chairman, be approved for submission to the County Council.

90. Internal Audit Work and Related Internal Control Matters for the Health and Adult Services Directorate

Considered -

- (a) The report of the Head of Internal Audit which advised of the internal audit work performed during the year ended 31 August 2014 for the Health and Adult Services Directorate and gave an opinion on the systems of internal control in respect of that area.
- (b) The report of the Corporate Director – Health and Adult Services which provided details of the draft Risk Register for the Health and Adult Services Directorate.

It was reported that Richard Webb (Corporate Director – Health and Adult Services) was unable to attend this meeting due to other commitments. However, he would be happy to meet Committee Members informally.

During debate, the following issues were highlighted:-

- The Head of Internal Audit was satisfied, on the basis of the follow-up work undertaken during the year, with the progress that had been made by management to implement previously agreed actions necessary to address identified control weaknesses. In addition, his overall opinion on the controls operated within the Health and Adult Services Directorate was that they provided Substantial Assurance.
- Two new risks had been added to the Directorate's Risk Register since the last progress report to the Committee. The new risks were "Deprivation of Liberty Supreme Court Ruling" and "Managing Effective Outcomes for Individuals". In addition, four risks had been deleted from the Risk Register and three had been changed.
- The County Council had made payments for Residential Care despite some bed return forms not being returned by private providers within the required timescales. If a client at that home had left, the County Council could still

offset that payment against other payments because there was usually an on-going relationship between the two organisations. The Head of Internal Audit felt that it was highly likely that any fraud, arising from bed return forms not being returned by private providers within the required timescale, would be detected, in particular because the National Fraud Initiative data matching exercise included Adult Social Care.

- No audit opinion had been given on some systems/areas looked at by Veritau, eg those mentioned on pages 191 and 192 of the papers for this meeting, because Veritau's work had not been for the purpose of looking at the control environment. Some work had, for example, been reviews or visits undertaken by auditors in response to management concerns.
- The officers undertook to research and provide a response by email to all Committee Members in reply to questions about whether or not, or in what circumstances, the County Council would attempt to take on a Deputy role if the client had already made provision and enacted an Enduring Power of Attorney through the Court of Protection.
- The Head of Internal Audit's overall opinion on the controls operated within the Directorate was a matter of professional judgement and was based on the results of audit work undertaken, draft reports in the course of preparation, comments received from the Directorate, and the speed at which management responded to issues raised by Veritau. His view was based on his knowledge of the Directorate as at today's date.
- Although the Directorate's draft Risk Register had not yet been signed off by the Directorate Management Board, the Corporate Director – Health and Adult Services had seen the papers and the signing-off was merely a formality.

Resolved –

- (a) That it be noted that this Committee, having considered the report of the Head of Internal Audit, is satisfied that the internal control environment operating in the Health and Adult Services Directorate is both adequate and effective.
- (b) That an email response be sent to all Committee Members in reply to questions about whether or not, or in what circumstances, the County Council would attempt to take on a Deputy role if the client had already made provision and enacted an Enduring Power of Attorney through the Court of Protection.
- (c) That the draft Risk Register for the Health and Adult Services Directorate be noted.

91. Internal Audit Report on Information Technology, Corporate Themes and Contracts

Considered -

Report of the Head of Internal Audit which advised of the internal audit work completed during the period to 31 August 2014 in respect of information technology, corporate themes and contracts and set out an opinion on the systems of internal control in respect of these areas.

During debate, the following issues were highlighted:-

- The Head of Internal Audit was satisfied, on the basis of the follow-up work undertaken during the year, with the progress that had been made by management to implement previously agreed actions necessary to address identified control weaknesses. In addition, his overall opinion on the controls across the three functional areas was that it provided Substantial Assurance. The Head of Internal Audit had commissioned specialist IT audit services from Audit North to support the delivery of this aspect of audit work.
- Audit North confirmed that the County Council's computer network security controls were extensive. It was also confirmed that the County Council's secure systems could not be accessed using the Guest WiFi.
- Confirmation was provided that the Schools ICT Service Desk would be moved to a different location. Other actions being taken included a staff restructure and creation of a Board.

Resolved -

That it be noted that this Committee, having considered the report of the Head of Internal Audit, is satisfied that the overall control environment operating in respect of information technology, corporate themes and contract arrangements is both adequate and effective.

92. Programme of Work

Considered –

The report of the Corporate Director - Strategic Resources which invited the Committee to review its programme of work for 2014/15.

The Corporate Director – Strategic Resources proposed various issues for possible inclusion within the Programme of Work. These proposals were supported by Members. The Corporate Director – Strategic Resources also invited Members to make further suggestions outside the meeting.

Members commented that routine reports which were merely for Members to note might be circulated outside formal meetings, thereby providing more meeting time for the Committee to add value. Members, however, emphasised the importance of adhering to the Committee's terms of reference and avoiding undertaking work which an Overview and Scrutiny Committee might perform.

Resolved -

That the Programme of Work be amended to include the following as either formal or informal sessions:-

- contract management;
- discussion with Richard Webb (Corporate Director – Health and Adult Services);
- procurement strategy.

The meeting concluded at 3.25 pm.

RAG/JR

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

4 December 2014

Appointment of External Members

Report of the Chairman of Audit Committee

1.0 Purpose of Report

- 1.1 To submit, for the Committee's formal approval, the recommendation of the Panel of Members which interviewed candidates shortlisted for appointment as External Members of this Committee.

2.0 Background

- 2.1 The Committee's current membership includes provision for three non-voting External Members. The term of appointment of the former External Members expired earlier this year.
- 2.2 The Committee, on 6 March 2014, agreed arrangements for the recruitment and selection of External Members of the Audit Committee to serve from the latter half of 2014.
- 2.3 The Committee agreed to undertake a joint recruitment with the City of York Council which was also seeking to recruit External Members of its Audit Committee. It was not envisaged that both Audit Committees would share an External Member – rather that each would make its own appointments, although that would not preclude each Audit Committee separately appointing the same person.
- 2.4 It was proposed that at least two, and up to three, External Members should be recruited and appointed to this Committee. It was felt that that would provide a degree of flexibility in the event that there was a good skills mix from those who were interested in carrying out the role. It was noted that experience over the previous eighteen months suggested that the Audit Committee could remain effective with two External Members where they were regular attendees and active participants.

3.0 Action Taken

- 3.1 Under powers delegated by this Committee on 6 March 2014:-
- (a) An advert, job description/person specification, and a set of background information to assist potential candidates to determine if they were interested, were prepared and agreed following consultation with me as Chairman.
- (b) The Corporate Director - Strategic Resources, in consultation with both me and the Vice-Chairman, undertook the short-listing of applicants from amongst those who submitted an application. Three candidates were invited for interview. Only two candidates attended interview.

- (c) A Panel of Members, appointed by this Committee, conducted interviews of shortlisted candidates. The Committee, on 6 March 2014, authorised the Panel to submit recommendations to the Committee for the appointment of External Members. Those recommendations are now presented to the Committee for formal approval and are set out at section 5.0 of this report.

4.0 Proposed Term of New Appointments

- 4.1 Repeating previous arrangements, it is recommended that the term of the new appointments should be for the remainder of the life of the current County Council plus up to a further 12 months in order to allow for a “new” Audit Committee, following the 2017 County Council elections, to appoint new External Members.

5.0 Recommendations

- 5.1 That the under-mentioned two persons (listed in alphabetical order by surname) be appointed as non-voting External Members of Audit Committee, to serve for the remaining life of the County Council plus up to a further 12 months:-

David Marsh
David Portlock

- 5.2 That no action be taken, at this time, to recruit to the third seat of External Member on Audit Committee.

COUNTY COUNCILLOR ANDREW BACKHOUSE
Chairman
Audit Committee

County Hall
Northallerton

24 November 2014

Background documents: Minutes and reports to Audit Committee’s meeting held on 6 March 2014

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

4 December 2014

PROGRESS ON ISSUES RAISED BY THE COMMITTEE

**Joint Report of the Corporate Director – Strategic Resources
and the Assistant Chief Executive (Legal and Democratic Services)**

1.0 PURPOSE OF THE REPORT

1.1 To advise Members of

- (i) progress on issues which the Committee has raised at previous meetings
- (ii) other matters that have arisen since the last meeting and that relate to the work of the Committee

2.0 BACKGROUND

2.1 This report is submitted to each meeting listing the Committee's previous Resolutions and / or when it requested further information be submitted to future meetings. The table below represents the list of issues which were identified at previous Audit Committee meetings and which have not yet been resolved. The table also indicates where the issues are regarded as completed and will therefore not be carried forward to this agenda item at the next Audit Committee meeting.

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
05/12/13	45 – Information Governance	That an update version of the Information Governance Policy Map be circulated to Committee Members	Work is ongoing to update and refresh the Information Governance Policy Map. A copy of the map will be circulated to Members once it is finalised. This will be provided at the March meeting	x
06/03/14	55 – Internal Audit Work / Internal Control Matters for the Central Services Directorate	That the Chairman and the CD – SR discuss how future reports concerning Directorates' Risk Registers are presented given "% completion" issues	Issue currently being addressed and will be shared in future Directorate updates on agenda. Further consideration been given and some changes to approach to be incorporated into future reports.	✓

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
26/06/14	63 – Internal Audit work / internal control matters for the Children and Young People’s Services Directorate	That the Corporate Director, Strategic Resources alter the alignment of Audit Committee meetings to which the various Directorates report in order that Directorate Risk Registers submitted to those meetings are as up-to-date as possible.	To be addressed for meetings post September. In train	x
26/06/14	64 – Annual report of the Head of Internal Audit	That contract management be the subject of a future Audit Committee Members’ Seminar	To be arranged following initial work carried out on behalf of the Corporate Procurement Group. Substantive agenda item for 4 December meeting	✓
25/09/14	90 – Internal Audit Work and Related Internal Control Matters for the Health and Adult Services Directorate	That an email response be sent to all Committee Members in reply to questions about whether or not, or in what circumstances, the County Council would attempt to take on a Deputy role if the client had already made provision and enacted an Enduring Power of Attorney through the Court of Protection.	Paul Cresswell email of 26 September provided information.	✓
25/09/14	92 – Programme of Work	That the Programme of Work be amended to include the following as either formal or informal sessions:- <ul style="list-style-type: none"> • Contract Management • Discussion with Richard Webb (Corporate Director, HAS) • Procurement Strategy 	Contract Management on this meeting agenda. Richard Webb to attend pre-meeting slot on 5 March 2015. Procurement Strategy to be possible agenda item for 5 March 2015 – to be confirmed.	x

3.0 TREASURY MANAGEMENT

3.1 Current Treasury Management developments include

- i. The Corporate Director, Strategic Resources, approved an increase in the investments limited on 10 November 2014 for:

- Lloyds / Bank of Scotland from £75m to £85m
- Royal Bank of Scotland / Nat West from £75m to £85m
- Barclays from £65m to £75m

These increases were to help manage future cash peaks (including the impact of managing Selby's cash – see below), being prepared for other counterparties being suspended from the lending list and improving average returns by being able to place more funds in the longer periods up to 1 year.

- ii. Arrangements are currently being made to finalise investing Selby District Council's funds as part of the County Council's total investment pool. This is part of the wider 'Better Together' programme with Selby District Council.
- iii. The European Banks Stress Test results announced on 26 October 2014 had no impact on any of the counterparties currently included on the Council Council's approved investment list. 24 of the 130 banks tested were deemed to have failed but the tests were based on data from December 2013 and many of those failing do not have to take any action because their position has improved significantly since then. The Bank of England will publish the results of the UK variant stress test on 16 December 2014 and these are complementary but different to those just announced by the European Central Bank.
- iv. Capita Asset Services undertook a review of their interest rate forecasts on 24 October 2014 following a change in market sentiment and outlook in early October. This resulted in their forecast first increase in bank rate from 0.5% to 0.75% being pushed back from February 2015 to May / June 2015. This forecast then suggests subsequent further increases of 0.25% to reach 2.5% by March 2017.

4.0 RECOMMENDATION

- 4.1 That the Committee considers whether any further follow-up action is required on any of the matters referred to in this report.

GARY FIELDING
Corporate Director – Strategic Resources

BARRY KHAN
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
NORTHALLERTON

4 December 2014

Background Documents:

Report to, and Minutes of, Audit Committee meeting held on 25 September 2014

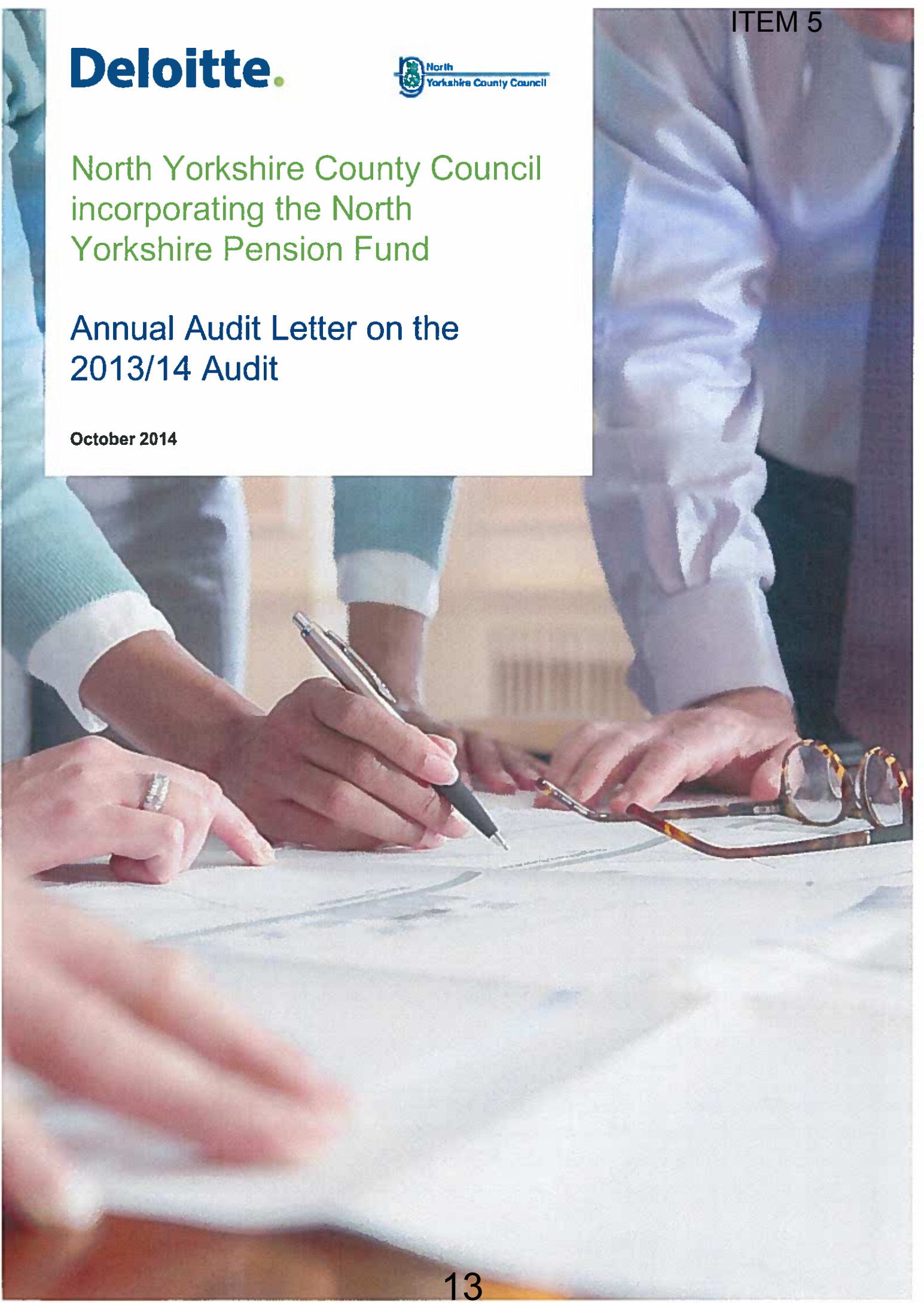
Deloitte.



North Yorkshire County Council
incorporating the North
Yorkshire Pension Fund

Annual Audit Letter on the
2013/14 Audit

October 2014



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The Members
North Yorkshire County Council
County Hall
Northallerton
DL7 8AD

30 October 2014

Dear Sirs

We have pleasure in setting out this Annual Audit Letter to summarise the key matters arising from the work that we have carried out in respect of the year ended 31 March 2014.

Although this letter is addressed to the Members of North Yorkshire County Council ("the Authority"), it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Audit Commission website at www.audit-commission.gov.uk and also on the Authority's website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available from www.audit-commission.gov.uk.

This letter has been discussed and agreed with the Corporate Director – Strategic Resources. A copy of the letter will be provided to all Members.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit. Our aim is to deliver a high standard of audit which makes a positive and practical contribution which supports the Authority's own agenda. We recognise the value of your co-operation and support.



Chris Powell
Engagement Lead
for and on behalf of Deloitte LLP
Leeds, United Kingdom

1 Key Messages

Statement of Accounts

Unqualified opinion issued on 25 September 2014

In 2013/14 the Authority was required to prepare its Statement of Accounts in accordance with International Financial Reporting Standards ("IFRS") as defined in the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

The Statement of Accounts was prepared, audited and closed in accordance with the agreed timetable. The Authority continued to achieve a good standard of financial reporting.

We issued an unqualified audit opinion on the Statement of Accounts on 25 September 2014.

Value for money conclusion

Unqualified opinion issued on 25 September 2014

We are required to base our statutory VFM conclusion on the two criteria specified by the Audit Commission, namely whether the Authority has in place proper arrangements for securing financial resilience and for challenging how economy, efficiency and effectiveness are secured.

We issued an unqualified value for money conclusion on 25 September 2014.

Annual Governance Statement

All relevant governance matters were adequately and appropriately disclosed

We have considered the contents of the Annual Governance Statement and confirmed that the Statement complied with guidance and that it adequately and appropriately disclosed all relevant governance matters arising in the year that we are aware of.

Pension Fund Annual Report

Unqualified opinion

The Pension Fund annual report was prepared, audited and closed in accordance with the agreed timetable. The Authority achieved a good standard of financial reporting.

We issued an unqualified audit opinion on the Statement of Accounts on 25 September 2014.

Whole of Government accounts and audit certificate

Unqualified opinion issued on 25 September 2014

The Whole of Government Accounts return was presented for audit after the deadline set by HM Treasury but this had no impact on the audit process. We issued an unqualified opinion on the Whole of Government Accounts return on 25 September 2014 and submitted the consolidation pack within the national deadline of 3 October 2014.

The audit certificate of completion of the audit was also issued on 25 September 2014.

Financial reporting systems

No significant weaknesses in the internal control systems within the Council were identified.

No areas for significant improvement in internal controls or procedures were identified during our audit.

We confirmed that appropriate action had been taken in response to the recommendations for improvement we raised in our prior year audit.

2 Responsibilities and Scope

Responsibilities of the Authority and Auditors

The Authority is responsible for maintaining the control environment and accounting records and preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 based on IFRS and other relevant legislation.

We are appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing auditors to local public bodies in England.

As the Authority's appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice ("the Code"). Under the Code, we have responsibilities in two main areas:

- the Authority's accounts; and
- whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

As the Authority is the Administering Authority for the North Yorkshire Pension Fund we also have a responsibility under the Code for the audit of the Annual Report of the Fund.

The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board ("APB"). The audit opinion on the accounts reflects the financial reporting framework adopted by the Authority, being the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 based on IFRS and other relevant legislation.

We conducted our work on the value for money conclusion in line with guidance issued by the Audit Commission in November 2012, as updated in October 2013, in respect of local government bodies for the financial year ended 31 March 2014.

3 The Audit of the Accounts

Statement of Accounts

Unqualified opinion issued on 25 September 2014

Before we give our opinion on the accounts, we are required to report to those charged with governance any significant matters arising from the audit. A detailed report was discussed with the members of the Audit Committee on 25 September 2014.

We issued an unqualified opinion on the Authority's 2013/14 accounts on 25 September 2014, in accordance with the deadline set for local government bodies. Our opinion confirms that the accounts present a true and fair view of the financial position of the Authority as at 31 March 2014 and its income and expenditure for the year then ended.

Key issues from work performed on the Statement of Accounts

There were no uncorrected misstatements noted that would materially impact net assets or the surplus on the provision of services

We received a set of draft accounts in advance of the agreed deadline, which were supported by working papers. The finance staff were helpful throughout the process. This performance reflects well on the professionalism of the finance staff and their commitment to maintaining high-level controls over financial systems.

Uncorrected misstatements were assessed to be individually and cumulatively immaterial to the accounts and would have had no impact on the financial position of the Authority.

Annual Governance Statement

The Statement includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements

As appointed auditors, we review the Annual Governance Statement ("AGS") and comment on any inconsistencies noted between the AGS and our audit work, other work relating to the Code of Audit Practice, and our understanding of the Authority's Governance arrangements. We have concluded that the Statement includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements and internal controls derived from our audit work.

Challenge work

We have responded to three matters raised by electors but no matters were brought to our attention that impacted our opinion on the accounts or VFM conclusion

Under the Audit Commission Act 1998, auditors have specific powers and duties, including to give electors the opportunity to raise questions about the accounts and to consider and decide upon objections received in relation to the accounts.

We received three matters raised by electors in relation to 2013/14:

- the assessment of risks associated with the Whitby Park and Ride Scheme;
- the adequacy of the disclosures in the accounts and information published alongside the accounts in relation to the waste project; and
- the approach to assessing whether value for money is achieved, particularly in relation to the waste project.

In each case, based on the information available we were satisfied that the approach adopted by the Authority was appropriate.

No matters have been brought to our attention that impact our opinion on the accounts, VFM conclusion or that require the exercise of our other statutory powers.

3 The Audit of the Accounts (continued)

Pension Fund Annual Report

Unqualified opinion issued on 25 September 2014

Before we give our opinion on the accounts, we are required to report to those charged with governance any significant matters arising from the audit. A detailed report was discussed with the members of the Audit Committee on 25 September 2014 and there were no key issues to report.

We issued an unqualified opinion on the Authority's 2013/14 accounts on 25 September 2014, in advance of the deadline set for pension funds. Our opinion confirms that the accounts present a true and fair view of the financial position of the Authority as at 31 March 2014 and its income and expenditure for the year then ended.

Whole of Government Accounts return

An unmodified assurance statement issued on 3 October 2014

The Whole of Government Accounts return was presented for audit on 18 August 2014, which is outside the deadline set by HM Treasury of 30 June 2014. We were required to report this delay to the Audit Commission but this did not cause any problems with our audit. We carried out our work in accordance with instructions issued by the Audit Commission and issued an unmodified assurance statement on the Whole of Government Accounts return on 25 September 2014.

Audit Certificate

Issued on 25 September 2014

When our audit is complete we are required to certify the closure of the audit. The audit certificate was issued on 25 September 2014.

4 Value for Money

Background and approach

The approach to local value for money (“VFM”) audit work at councils is specified by the Audit Commission. Consistent with the prior year, auditors were required to give their statutory VFM conclusion based on the following two criteria:

- proper arrangements for securing financial resilience: work to focus on whether the Authority has robust systems and processes to manage risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- proper arrangements for challenging how economy, efficiency and effectiveness are secured: work to focus on whether the Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We would emphasise that it is the arrangements in place that we are required to assess, and not the actual decisions made by the Authority.

We planned our local programme of work based on our risk assessment, which was informed by a series of risk factors determined by the Audit Commission.

The key audit risks we identified as part of our overall audit strategy were:

- financial sustainability, particularly financial planning and the delivery of efficiency plans;
- the impact of the withdrawal of the PFI credits for the waste project; and
- the potential impact on the control environment of reductions in capacity as a result of reductions in funding.

The VFM conclusion

Having performed our work in line with guidance received from the Audit Commission we issued an unqualified value for money conclusion for the 2013/14 financial year. This means that we are satisfied that in the areas reviewed the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources during the year.

During the course of our work, which focused on the risks identified by our risk assessment, we reviewed the response of the Authority to financial pressures and consider it to be appropriate. We also note that no matters of concern have been identified from the work of internal or external audit arising from reducing capacity as a result of reducing resources.

Financial resilience

We have considered the financial standing of the Authority through review of the outturn in 2013/14, budgets for 2014/15 and the medium term financial plan. The Authority is clearly facing significant financial challenges but we have no specific concerns over the response to those challenges or the financial standing of the Authority.

We have considered the financial standing of the Authority as at 31 March 2014. We have assessed this based on current/on-going expenditure demands, expected income levels and the current cash position of the Authority. The minimum level of reserves has been reassessed by the Authority in the year and current level of usable reserves is adequate in light of the Authority’s current risk assessment.

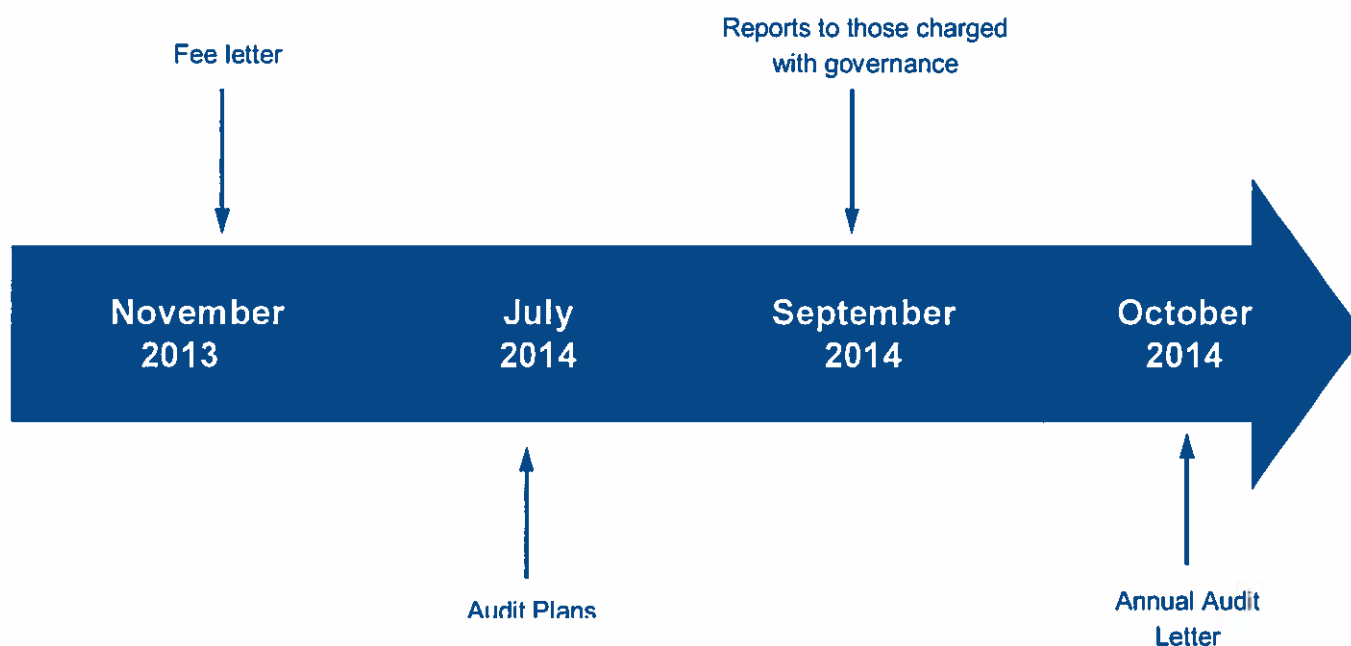
The Authority continues to face severe financial pressures over the next few years. Based on currently available information, the Authority has estimated that savings of c£92 million are required over the next five years. In response, a major transformation programme is being undertaken and this will key to achieving the required savings. We carried out a high level review of the project management arrangements for the 2020 North Yorkshire programme as part of our VFM risk assessment and did not identify any matters of concern that would impact our VFM conclusion.

5 Other Matters

Reports issued

Reports issued during the course of the 2013/14 audit included:

- fee letter for the Authority and Pension Fund;
- audit plans for the Authority and Pension Fund;
- reports to those charged with governance on the 2013/14 audits of the Authority and the Pension Fund; and
- a combined annual audit letter.



Analysis of audit fees

Audit fees charged are as follows:

	2014 £	2013 £
Total fees for the audit of the Authority's annual accounts, vfm conclusion and whole of government accounts return	125,987	125,987
Total fees for the audit of the Pension Fund	24,943	24,943
Fees payable for local challenge work (subject to approval by the Audit Commission)	3,000	-
Total fees (excluding VAT)	153,930	150,930

In March 2014 the Audit Commission agreed a rebate to be distributed across local audit bodies. The rebate was set at 13.7 per cent of the 2012/13 annual audit fee. The rebate received by North Yorkshire County Council was £17,241.

We have not performed any non-audit services in either the current or prior year.

5 Other Matters (continued)

Independence and objectivity

In our professional judgement, our policies and safeguards that are in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired. No matters impacting our independence have arisen during the year.

Statement of Responsibilities

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 and this report is prepared on the basis of, and our audit work is carried out in accordance with, that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the Audit Commission.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party since this report has not been prepared, and is not intended, for any other purpose.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area.

Other than as stated below, this document is confidential and prepared solely for your information and that of other beneficiaries of our advice listed in our engagement letter. Therefore you should not, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. If this document contains details of an arrangement that could result in a tax or National Insurance saving, no such conditions of confidentiality apply to the details of that arrangement (for example, for the purpose of discussion with tax authorities). In any event, no other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

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NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

4 DECEMBER 2014

ACCOUNTING POLICIES

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To review the changes to the County Council's Accounting Policies for the current financial year 2014/15
- 1.2 To note potential changes in the pipeline that are likely to impact on future year's Accounting Policies and the Statement of Final Accounts.

2.0 BACKGROUND

- 2.1 Part of the Audit Committee's Terms of Reference is to review changes in accounting policy.
- 2.2 The County Council's accounting policies are set out in the annual Statement of Final Accounts (SOFA) and have been developed to comply with the *Code of Practice on Local Authority Accounting in the United Kingdom* issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). They have been based on International Financial Reporting Standards (IFRS) since 2010/11. An updated Code of Practice, applicable for 2014/15 was issued in April 2014.
- 2.4 In addition to considering required changes to the County Council's accounting policies for 2014/15, there are further changes which CIPFA have been consulting with local authorities which are in the pipeline for future years (2015/16 and beyond) to bring to the Committee's attention.

3.0 CHANGES IN ACCOUNTING POLICY FOR 2014/15

- 3.1 The need for changes in accounting policy can arise from:
 - (i) mandatory changes under the annual *Code of Practice on Local Authority Accounting* which require a new or revised accounting policy to be adopted by all local authorities

- (ii) changes within the overall framework of the *Code of Practice* but where the policy to be adopted is discretionary and is dependent upon interpretation of local circumstances

- 3.2 Changes required to the County Council's accounting policies for 2014/15, therefore arise as a result of the updated IFRS based *Code of Practice on Local Authority Accounting* issued by CIPFA in April 2014.
- 3.3 Supplementary updates to this 2014/15 *Code of Practice* may be issued to reflect any further developments to statutory accounting or disclosure requirements which have taken place since publication in April 2014.
- 3.4 Changes reflected in the 2014/15 updated Code and any subsequent supplementary updates do, on the whole, have to be incorporated into the County Council's accounts but do not necessarily impact on the County Council's accounting policies. This is because the changes are principally around additional or changed disclosure notes, points of clarification and additional guidance etc.
- 3.5 The only change to the *Code of Practice* that impacts on the County Council's 2014/15 Accounting Policies concerns Group Accounts as set out in **Appendix A**.
- 3.6 The Accounting Policies ultimately determined for 2014/15 will be reported to Members on 16 July 2015 as part of the report accompanying the draft SOFA for 2014/15. At this stage, therefore, Members are asked to note and review this one change in principle.
- 3.7 **Appendix A** also lists other key (but limited) changes to the latest 2014/15 *Code of Practice on Local Authority Accounting* which will need to be considered and, where appropriate, reflected in the SOFA for 2014/15 or subsequent years. As mentioned in **paragraph 3.3** however any further supplementary updates may result in further changes to the draft SOFA.
- 4.0 **POTENTIAL CHANGES IN THE PIPELINE FOR FUTURE YEARS**
- 4.1 CIPFA have recently consulted on a draft *Code of Practice on Local Authority Accounting* for 2015/16 and provisional changes for future years beyond 2015/16, with the key potential changes set out in **Appendix B**. The two key changes relate to Transport Infrastructure Assets and the Fair Value Measurement of Assets.
- 4.2 The extent to which future changes will actually be fully implemented by CIPFA remains uncertain however and will be subject to further confirmation and guidance.

5.0 **RECOMMENDATION**

5.1 That Members:

- (i) review the 2014/15 change in accounting policy required to comply with the 2014 'Code of Practice on Local Authority Accounting' (**paragraph 3.5** and **Appendix A**).
- (ii) note potential changes to the SOFA and accounting policies which are in the pipeline for future years (2015/16 onwards) (**paragraph 4** and **Appendix B**).

GARY FIELDING

Corporate Director – Strategic Resources

County Hall
Northallerton

20 November 2014

CHANGES TO THE CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING 2014/15

1.0 Introduction

- 1.1 There have been few significant changes made to the IFRS-based Code of Practice on Local Authority Accounting for 2014/15. There may however be further updates which could impact on the Statement of Final Accounts (SOFA) and also potentially the Accounting Policies of the County Council for this current financial year.

2.0 IFRS Code Change resulting in changes to an Accounting Policy – which is applicable to the County Council

3.0 Group Accounts

- 3.1 The requirements of five new or amended standards, introduced by the International Accounting Standards Board (IASB) in May 2011 have been included in the 2014/15 Code.
- 3.2 The revised standards include a new single control model under IFRS 10 Consolidated Financial Statements which focuses on the power of a parent to control variable returns (which includes non-financial returns) from its involvement or interest in another entity. CIPFA do not expect these amendments to affect the determination-process of the Group Boundary, but the proxy indicator of simply having voting rights may no longer be the main indicator of a parent/subsidiary relationship.
- 3.3 IFRS 11 Joint Arrangements: There are new provisions under IFRS 11 Joint Arrangements in relation to the classification of joint arrangements. IFRS 11 now only includes 2 types of joint arrangement; - joint operations and joint ventures. This standard now focuses on how the rights in the arrangement are shared as opposed to previous requirements which focused on structure. This may cause local authorities to review the classification of joint arrangements.
- 3.4 The group accounting standards also include IFRS 12 Disclosure of Interests in Other Entities. The proposals introduce numerous new and amended disclosure requirements for local authorities which focus on the parent-subsidiary arrangement, how this arrangement has been determined, the practical nature of this arrangement and risks associated with these group arrangements for both the parent and the subsidiary organisations.
- 3.5 The accounting policy wording in the 2014/15 SOFA will be updated to reflect the new requirements above and we will review our classification of joint ventures using

the new guidance to make sure that no changes are required to the group boundary.

4.0 Code of Practice Changes Resulting in Changes to the SOFA which could apply to the County Council in 2014/15 or future years:

4.1 *Accounting for local government reorganisation and other combinations*

4.2 CIPFA have refined their guidance including new definitions and clarification of the for a transfer or merger and relevant disclosure requirements. This guidance would be relevant if in the future there were a significant transfer of functions from one public sector body to another e.g. local government reorganisation, at this point we would review our policy in line with current guidance.

4.3 *Amendments to the presentation of financial statements*

4.4 Amendments reflect changes to IAS 1 and IAS 32 as required by the Annual Improvements to IFRS 2009-2012 Cycle issued in May 2012, specifically, there is clarification about the comparative information requirements when restating preceding year's financial statements and guidance for offsetting financial assets and liabilities in specific circumstances. While these will not have an impact generally, if there were restatements or particular types of transaction where we wished to consider offsetting financial assets and liabilities then we would review our policies in line with these amendments.

**POTENTIAL CHANGES TO THE CODE OF PRACTICE ON LOCAL AUTHORITY
ACCOUNTING POLICIES IN THE PIPELINE
FOLLOWING RECENT CIPFA CONSULTATION:**

1.0 Introduction

1.1 CIPFA have recently consulted on some proposed changes to the 2015/16 Code of Practice (to be issued in early 2015), and have also provided indications of further potential changes that are likely to be reflected in updates to the 2016/17 Code and beyond. The key changes outlined below however were reported to the Audit Committee in December 2013 as being in the pipeline.

2.0 Code of Practice on Transport Infrastructure Assets:

2.1 The 2016/17 Code will adopt the measurement requirements of the CIPFA Code of Transport Infrastructure Assets i.e. measurement on a Depreciated Replacement Cost basis. This will represent a change in accounting policy from 1 April 2016 and will require full retrospective restatement. This change will require the establishment of a separate class of assets for transport infrastructure assets in accordance with the types of assets classified in the Code of Practice on Transport Infrastructure assets.

2.2 The Accounting Code currently measures infrastructure assets at depreciated historical cost, which is compliant with the requirements of IFRS, but it is not, in CIPFA's view, the most appropriate measurement base for the valuation of transport infrastructure Assets of local authorities. CIPFA has long held the view that current (depreciated replacement cost) value accounting is the more appropriate measurement base of local authority assets. This would have the impact of significantly increasing the value of non-current assets held on the balance sheet with an associated significant increase in value of depreciation charges on the Comprehensive Income and Expenditure Statement.

2.3 CIPFA recommend that local authorities use the years prior to 2016/17 to establish information collection arrangements to apply full retrospective restatement resulting from the measurement of transport infrastructure assets as authorities are likely to need to provide:

- Opening balances of the assets for 1 April 2015 (i.e. the opening balances for the relevant transactions for the comparative year) and
- Comparative information on transaction in the preceding year i.e. 2015/16

2.4 The County Council have up to now complied with the additional reporting requirements of valuing highways infrastructure assets at depreciated related cost for the purposes of providing additional information for Whole of Government Accounts and maintained a state of readiness to address future developments in this area.

2.5 The 2015/16 Code will specify the accounting requirements for the change in accounting policy using the same approach as it does for the disclosure of information relating to the impact of an accounting change that will be required by a

new standard that has been issue but not yet adopted. It is anticipated to include the following disclosure requirements:

An authority shall where material, disclose the following items in the 2015/16 financial statements (to the extent that the information is known or reasonably estimable)

- related to the authority's specific circumstances, explaining that transport infrastructure assets are to be recognised as a separate class of property, plant and equipment and measured at depreciated replacement cost for Narrative the first time in the 2016/17 financial statements
- The carrying amount of assets expected to be reclassified as transport infrastructure assets i.e. the original 1 April 2015 measurements at depreciated historical cost
- The expected amount of any revaluation gains and losses to be recognised on reclassification and re-measurements and
- The expected change in depreciation, impairment, revaluation gains and losses, gains and losses for disposals or decommissioned assets to be recognised (or derecognised) in 2015/16 comparatives in the 2016/17 financial statements

3.0 Fair Value Measurement (IFRS13)

3.1 The Code's adoption of IFRS 13 *Fair Value Measurement* remains under review and therefore the 2014/15 Code does not include provisions in relation to this standard. CIPFA will keep authorities advised on the latest position on the developments of the standard.

3.2 The consultation document for the 2015/16 Code contains information about the revised proposals. This resolves some of the issues with previous drafts which potentially required items of operational property, plant and equipment to re-valued at its highest and best use value. This was seen as problematic for some public sector assets where there may be a need to have a specific building in a specific location or where assets may have specific and limited other uses (e.g. crematoria buildings). The current draft of the Code adapts IAS 16 to require that items of property, plant and equipment that are operational and therefore providing service potential for the authority are measured at for their service potential either at existing use value, or depreciated replacement cost and not at fair value. Surplus assets (property, plant and equipment) are measured at fair value.

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****04 DECEMBER 2014****REPORT ON CONTRACT MANAGEMENT****Report from Corporate Director, Strategic Resources****1.0 PURPOSE OF THE REPORT**

- 1.1 To inform Members of the arrangements relating to contract management within the County Council and the principles of good contract management.
- 1.2 To describe the developing strategic direction of the Corporate Procurement Group to improving contract management within the Council.
- 1.3 To provide Members with an analysis of the future challenges and risks the Council faces in terms of contract management.
- 1.4 To inform Members of recent activity and next steps.

2.0 BACKGROUND

- 2.1 The Council has contractual arrangements valued at over £300m/year with third party contractors covering products, services and works.
- 2.2 The Council spends over £100m/year with just 19 contractors. Of this £70m is spent with 6 contractors in the following areas: Highways maintenance (£45m/year); engineering and property related consultancy (£9m/year); Wide Area Network provision (£5.5m/year); Domiciliary Care (£6m/year); waste disposal (£4.2m/year); and household waste recycling (£3.2m/year)
- 2.3 The Council has good visibility on both its current and future spending plans. The former is captured on the Council's Contracts Register and the later is proactively managed through the use of Forward Procurement Plans (FPPs).
- 2.4 The period of austerity has put greater emphasis on delivering better value for money and procurement activity has been identified as one area where savings can be realised. It is important, however, that any savings delivered through the procurement are not "lost" as a result of ineffective contract management. This report goes on to explore some of these risks and the plans being made to help improve contract management.
- 2.5 The Corporate Procurement Group is currently finalising a revised Corporate Procurement Strategy for consideration by Management Board and it is also scheduled for consideration by the Audit Committee on 5 March 2015. A key strand

running through this emerging strategy has been a need to strengthen engagement with suppliers and to ensure that council officers are well equipped to manage contracts, recognising that many staff will be more experienced in professional or service delivery arrangements rather than managing a contract with an external supplier. Emerging detail on the approach to contract management within the revised Corporate Procurement Strategy is therefore outlined in this report.

3.0 THE PRINCIPLES OF GOOD CONTRACT MANAGEMENT

3.1 Like many areas, there can be competing definitions of contract management and the reasons for doing it well. The following areas are seen as features of good contract and supplier management although the list should not necessarily be regarded as exhaustive:-

- ensure the contract is successfully executed
- provide a formalised system of monitoring supplier performance against the contract requirements
- ensure there is clarity of the roles and responsibilities by all parties relating to supplier and contract management
- monitor overall compliance by all parties to the terms of the agreement and contract Key Performance Indicators and Service Level Agreements
- facilitate the identification and management of relationships with key supplier representatives
- identify potential additional savings due to proactive contract and supplier management including added value performance measures, demand, cost, supply chain, efficiencies and effectiveness management
- ensure realisation of estimated savings due to continuous monitoring of spend information
- provide co-ordination of the supply chain and intervention points
- provide a focus for development of initiatives/innovation
- deliver learning and knowledge transfer
- drive continual improvement

3.2 Good contract management does require “whole life” thinking about the contract. This starts from identifying the need for provision running through procurement of the goods / services; followed up by ensuring delivery of the contract to specification; and ending in a review of the effectiveness of the arrangements.

3.3 In a relatively recent CIPFA review of cross government major contract it was noted that Contract Management arrangement needed improving. The review asked the public sector the following questions –

1. Are we in control of our suppliers?
2. Can we be certain we are paying the right amount and receiving the services that we are paying for?
3. Can we easily demonstrate to the tax payer that they are receiving the expected return on investment from out sourcing?

Questions 2 and 3 can perhaps be best explored by establishing whether or not there is compliance with the terms and conditions of the contract and whether the specification is being delivered as envisaged at the start of the contract. If the answer to these questions is positive then it is likely that the council is sufficiently in

control of its suppliers. If the answer is no, however, then it is likely that the supplier has undue control of the council. Question 1 therefore feels more like a value judgment having reviewed the contractual arrangements in operation.

- 3.4 There has been significant strengthening on procurement disciplines over recent years. This has involved creation of the FPPs which allow Directorates (and their corresponding Directorate Procurement Champions) an oversight of impending procurements. As a result, resources and specialist support are able to be deployed to promote good procurement. Alongside this, the procurement gateway approach has now matured. This ensures that due process is undertaken and provides the opportunity to highlight any procurement which are considered to be “at risk” or falling below standards.
- 3.5 As part of the gateway there is a requirement to have a clear specification of goods / services and support is available to assist those producing the specification that it is appropriate. It is also a requirement that each procurement has a designated owner and it would normally be expected that this owner would go on to manage the contract. (It has been recognised subsequently that this will not always be the case and further work is being undertaken to review the gateway approach to ensure that Contract Management issues are given due consideration prior to contract award).
- 3.6 Having awarded contract there will be occasions where the council recognises that it wishes to make changes or even to try and improve the benefits (through price and / or quality) to the council. A good contract management approach allows for the Contract Manager to explore those issues with the supplier and to adopt a more strategic approach to Contract Management. It would be naïve however to believe that council officers are generally going to be as well-equipped as Contract Managers from the private sector. That is why greater focus is required in this particular area and the areas of excellent Contract Management in the council need to be exploited further.

4.0 DEVELOPING A RENEWED STRATEGIC DIRECTION

- 4.1 As identified earlier, the Corporate Procurement Group is finalising the revised Corporate Procurement Strategy for the period 2014 to 2020. Contract Management is a theme that runs strongly throughout the Strategy but the following areas are perhaps particularly relevant –

What we will achieve

Improved commercial capability of our staff

Better understand the manage outcomes and risks

Improve supplier performance

Ensure the best provider(s) are identified for each contract, including SMEs, local and third sector providers.

What we need to achieve the vision

Carry out a skills audit to identify gaps

Build commercial and procurement knowledge across the council to provide support and challenge

Utilise spend data and market intelligence to drive contract performance and outcomes

Work with services across the council at the earliest stages to deliver innovative outcomes

Ensure that risk is appropriately considered in the commissioning, procurement and contract management processes

Ensure robust contract management

Develop our reputation as “savvy” authority through effective contract and performance management

Identify opportunities for savings and improvement strategies during the contract term

4.2 An action plan is being developed in order to address all of the above areas. Key themes emerging in the action plans include the following –

- Identifying staff who carry out the role of Contract Manager and performing a skills audit to identify training gaps
- Improving commercial awareness across the council as a whole and particularly those with Contract Management responsibilities
- Identifying higher opportunity contracts and deploying resources and skills accordingly. (For example, dedicated time from Central Services Directorate Procurement Champion in supporting the preparation for the procurement of the building services contract from April 2016)
- Engagement of a specific post relating to Contract Management on an invest to save basis. (Please note that the cost of engagement have been recovered within the first 3 months of a 12 month trial period).

The views from Members of the Audit Committee are welcomed as the strategy becomes fine-tuned prior to consideration by Management Board. As identified earlier, the subsequent strategy will be considered more fully by the Audit Committee in March 2015.

5.0 CHALLENGES FACING THE COUNCIL ON CONTRACT MANAGEMENT

5.1 During this period of austerity there is greater emphasis on the need to be good at contract management but, at the same time, we are presented with some increased pressures. Some of these themes are explored further in the remainder of this section.

Council capacity – staffing numbers have consistently reduced over the last 4 years as a result of the Council’s savings programmes. This raises the prospect of less time being spent on managing a contract with a subsequent increased scope of contract “drift” with adverse impacts for the Council

Council skills – The Council is a multi-functional organisation where many of its suppliers are dedicated to particular services or products. As a result, suppliers can often be more knowledgeable and / or more commercially orientated. In such cases, there is a heightened risk that suppliers are exercising more control in the contract than is desirable.

Contractor behaviour – as the Council has been seeking savings, beneficial prices have been secured in many procurements (as witnessed through analysis of forward procurement plans). Suppliers cannot fail to have understood the need for the public sector to make savings and therefore understand that they need to be more competitive at the point of procurement. Suppliers may, however, have identified opportunities to increase margins following appointment through contract variations. Whilst such behaviours should be tested as much as possible during procurement, such practise can only be picked up at contract management stage and requires robust management on the part of the council.

Increased likelihood of fraud – as margins are reduced, there is perhaps a temptation for some suppliers to submit duplicate claims for payment. Such cases may not be clear cut so, so clear arrangements will be required in order to prevent “ambiguity”.

Poor quality contracts – some suppliers may well ensure delivery within the financial envelope but seek to reduce their costs by providing goods / services at a quality below the threshold set out in the contract.

Contract management given insufficient attention by staff – there is a risk that contract management is seen as an “add- on” to the day job. Some staff are likely to be managing contracts but have come to this arrangement with little in the way of commercial experience. Some staff may regard contract management as part of the procurement function and therefore falling within the remit of the North Yorkshire Procurement Service. It is therefore essential that there is clarity of responsibility and support is provided accordingly.

- 5.2 It is suggested that there is no single solution to mitigate the above risks. Rather it requires a systematic approach across the Council to identify those areas of highest risk and to deploy resources accordingly. It also requires the Council to ensure that it is as best placed as it can be to understand the commercial realities involved in contractual relationships. The training being embarked upon is aimed at broadening the commercial “savvy” of all staff but particularly those at the heart of contract management. The content of the Procurement Strategy and Action Plan seeks to address these areas.

6.0 NEXT STEPS

- 6.1 As the Audit Committee will be aware, Internal Audit already carry out reviews into contract management which are reported on an annual basis. Issues are picked up accordingly and fed into the Corporate Procurement Strategy. A member of Internal

Audit management is now part of the Corporate Procurement Group to try and ensure that there is good two way knowledge transfer. This approach will therefore continue.

6.2 The Corporate Procurement Strategy will be progressed over the coming months. This will feature many of the actions identified above and a targeted delivery plan will be produced for contract management training.

6.3 The Action Plan for the Corporate Procurement Strategy is being produced on a Smart basis with clear actions; a key accountable officer; and a specific date for delivery. Monitoring of this action plan will therefore be undertaken alongside all of the embedded procurement disciplines such as Forward Procurement Plans and the Gateway approach.

7.0 **RECOMMENDATIONS**

7.1 Members are asked to:

- (i) note the content of this report.
- (ii) provide comments in order to feed into the emerging Corporate Procurement Strategy and particularly those areas relating to Contract Management.

Gary Fielding
Corporate Director, Strategic Resources

Author of Report –

Gary Fielding
Corporate Director, Strategic Resources
and
Simon Toplass
Head of Procurement and Contract Management
24 November 2014

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

4 December 2014

Audit Committee Terms of Reference

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To review the Audit Committees Terms of Reference in line with the requirements to review the Terms of Reference on an annual basis.

2.0 BACKGROUND

- 2.1 The Audit Committee last reviewed its Terms of Reference at its meeting on 5 December 2013. The changes were principally to reflect arrangements in relation to Value for Money and Accounting Policy.
- 2.2 The current Audit Committee has now been existence for just over 18 months and the process for selecting Independent Members has now concluded (considered elsewhere on this agenda). It therefore seems timely to consider other developments that may assist the Audit Committee in carrying out its role as well as considering the Terms of Reference. This report therefore seeks to identify opportunities and gauge Members views.

3.0 CURRENT TERMS OF REFERENCE

- 3.1 The full Terms of Reference are attached as **Appendix A**. In summary, the paragraphs relate to the following areas –

1. Internal Audit
2. External Audit
3. Contract, Finance and Property Procedure Rules
4. Financial Statements (includes Statement of Final Accounts)
5. Corporate Governance
6. Risk Management
7. Information Governance
8. Treasury Management
9. Value for Money
10. Terms of Reference
11. Any other relevant matter referred
12. Audit and Counter Fraud

- 3.2 A number of the areas identified above are responsibilities discharged by the Audit Committee on behalf of the County Council where there is a statutory obligation. In addition, there are areas where the Audit Committee is fulfilling a role which ensures that Members and the public can take assurance. It is important that these areas remain in place and the only meaningful discussion can be about “how” the Audit Committee discharges that responsibility. It is not felt that there are any areas that merit change in

the Terms of Reference. It is therefore suggested that the focus is on how we seek to make the Committee even more effective and well informed.

4.0 TRAINING / FURTHER DEVELOPMENT

- 4.1 Following the appointment of the Audit Committee an induction programme was put in place which helped to provide an understanding of the role of the Audit Committee and elements of its work. Feedback was good in general but it should be acknowledged that some of the areas would not be exposed to Members until some considerable time following the induction training. There is therefore the risk that some of that learning is therefore diminished in the interim. In addition, it is likely that the Audit Committee will have new Member(s) who will require some induction. This therefore presents an opportunity to consider what areas, if any, would merit further training / development for the Audit Committee as a whole.
- 4.2 Most Audit Committees have been preceded by a 30 minute briefing session. Again, this seems to have been generally well received and it is intended that this approach continues. However it is also recognised that 30 minutes provides insufficient time to give due attention to some technical areas (for example Treasury Management). It is therefore proposed that a number of more in-depth training / development sessions are arranged for the following subject areas –
- a. The role of the Audit Committee
 - b. Introduction to Treasury Management for Audit Committee Members
 - c. The role of Internal Audit
- 4.3 The above list is by no means exhaustive and Members views are welcomed in considering the above suggestions and indeed any other areas which they would feel beneficial.
- 4.4 Section 3 of the Audit Committee Terms of Reference refers to Contract, Finance and Property Procedure Rules. There is an intention to annually review these and to carry out a more fundamental review following each new Council being elected. The nature of any proposed changes means that there needs to be an understanding of the drivers of change – for example the introduction of more electronic procurement and the impact that has on procurement rules. For that reason, it is considered that any background information required will need to be factored in to the substantive agenda for the Audit Committee or be accommodated within the training session preceding the Audit Committee or additional sessions provided on a case by case basis.
- 4.5 The practical arrangements for the recommendations in this report will be progressed as soon as possible following Audit Committee deliberations, particularly given the prospect of new Independent Member(s).

5.0 RECOMMENDATION

- 5.1 The Audit Committee are requested to
- i. Approve (i.e. no changes) the existing Terms of Reference for the Audit Committee
 - ii. Approve the intention of providing more detailed training / development for the areas identified in **paragraph 4.2**
 - iii. Offer views as to whether or not there are further areas which require more detailed consideration

GARY FIELDING
Corporate Director – Strategic Resources

County Hall
NORTHALLERTON

4 December 2014

Background Documents:

AUDIT COMMITTEE

TERMS OF REFERENCE

1. In respect of Internal Audit
 - ◆ to approve the Internal Audit Strategy, Annual Audit Plan and performance criteria for the Internal Audit Service.
 - ◆ to review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary.
 - ◆ to review the effectiveness of the anti-fraud and corruption arrangements throughout the County Council.
 - ◆ consider the annual report from the Head of Internal Audit.
 - ◆ to review the effectiveness of the system of Internal Audit and the Committee itself on an annual basis.
2. To review the workplan and performance of External Audit.
3. To review, and recommend to the Executive, changes to Contract, Finance and Property Procedure Rules.

4. In respect of **financial statements**

For both the County Council and the North Yorkshire Pension Fund

- ◆ to approve the respective annual Statements of Final Accounts
 - ◆ to receive and review the Annual Audit Letters and associated documents issued by the External Auditor
 - ◆ to review changes in accounting policy.
5. In respect of **Corporate Governance**
 - ◆ to assess the effectiveness of the County Council's Corporate Governance arrangements
 - ◆ to review progress on the implementation of Corporate Governance arrangements throughout the County Council
 - ◆ to approve Annual Governance Statements for both the County Council and the North Yorkshire Pension Fund
 - ◆ to review the annual Statements of Assurance provided by the Chief Executive, Management Board and Corporate Directors
 - ◆ to liaise, as necessary, with the Standards Committee on any matter(s) relating to the Codes of Conduct or both Members and Officers.

6. In respect of **Risk Management**
 - ♦ to assess the effectiveness of the County Council's Risk Management arrangements
 - ♦ to review progress on the implementation of Risk Management throughout the County Council.

7. In respect of **Information Governance**
 - ♦ to review all corporate policies and procedures in relation to Information Governance
 - ♦ to oversee the implementation of Information Governance policies and procedures throughout the County Council.

8. In respect of **Treasury Management**
 - ♦ to be responsible for ensuring effective scrutiny of the County Council's Treasury Management strategy and policies as required by the CIPFA Treasury Management Code of Practice
 - ♦ to review these Treasury Management strategies, policies and arrangements and make appropriate recommendations to the Executive.

9. In respect of **Value for Money**
 - ♦ to have oversight of the arrangements across the County Council in securing Value for Money

10. To meet not less than four times a year on normal business and review its Terms of Reference on an annual basis.

11. To consider any other relevant matter referred to it by the County Council, Executive or any other Committee. In addition any matter of concern can be raised by this Committee to the full County Council, Executive or any other Member body.

12. To exercise all functions in relation to the making and changing of policy relating to such audit and counter-fraud matters which fall within the remit of the Committee (save as may be delegated otherwise).

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

4 DECEMBER 2014

INTERNAL AUDIT WORK FOR THE BUSINESS AND ENVIRONMENTAL SERVICES
DIRECTORATE

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the **internal audit work** performed during the year ended 30 November 2014 for the Business and Environmental Services (BES) directorate and to give an opinion on the systems of internal control in respect of this area.

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 BES Directorate, the Committee receives assurance through the work of internal audit (as provided by Veritau), as well as receiving a copy of the latest directorate risk register and the relevant Statement of Assurance (SoA).
- 2.2 In line with recent practice, this agenda item is considered in two parts. This first report considers the work carried out by Veritau and is presented by the Head of Internal Audit. The second part is presented by the Corporate Director and considers the risks relevant to the directorate and the actions being taken to manage those risks.

3.0 WORK DONE DURING THE YEAR ENDED 30 NOVEMBER 2014

- 3.1 Details of the work undertaken for the directorate and the outcomes of these audits are provided in **Appendix 1**.
- 3.2 Veritau has also been involved in carrying out a number of other assignments for the directorate. This work has included;
- Providing advice on various control issues;
 - Auditing and certifying a number of grant returns such as the Local Transport Plan, Fuel Rebate Summary Claims, the Local Sustainable Transport Fund (LSTF) Grant and the Local Authority Bus Subsidy Grant. We review relevant supporting information to ensure expenditure had been incurred in accordance with grant conditions;
 - Meeting regularly with BES management and maintaining ongoing awareness and understanding of key risk areas such as the long term waste service contract, highways maintenance contract and BALB bypass project.

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. Where weaknesses are identified then remedial actions will be agreed with management. Each agreed action has been given a priority ranking. The opinions and priority rankings used by Veritau are detailed in **Appendix 2**. Some of the audits undertaken in the period focused on the review of specific risks as requested by management so did not have an audit opinion assigned to them.

3.4 It is important that agreed actions are formally followed up to ensure that they have been implemented. Veritau follow up all agreed actions on a regular 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.**

3.5 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 with audit work instead focused on the areas of highest risk. Veritau's auditors work closely with directorate senior managers to address any areas of concern.

4.0 **AUDIT OPINION**

4.1 Veritau performs its work in accordance with the Public Sector Internal Audit Standards (PSIAS). In connection with reporting, the relevant standard (2450) states that the chief audit executive (CAE)¹ should provide an annual report to the board². The report should include:

- (a) details of the scope of the work undertaken and the time period to which the opinion refers (together with disclosure of any restrictions in the scope of that work)
- (b) a summary of the audit work from which the opinion is derived (including details of the reliance placed on the work of other assurance bodies)
- (c) an opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (ie the control environment)
- (d) disclosure of any qualifications to that opinion, together with the reasons for that qualification
- (e) details of any issues which the CAE judges are of particular relevance to the preparation of the Annual Governance Statement
- (f) a statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme.

4.2 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating in the Business and Environmental Services directorate is that it provides **substantial assurance**. There are no

¹ The PSIAS refers to the chief audit executive. This is taken to be the Head of Internal Audit.

² The PSIAS refers to the board. This is taken to be the Audit Committee.

qualifications to this opinion and no reliance was placed on the work of other assurance bodies in reaching that opinion.

5.0 RECOMMENDATION

- 5.1 That Members consider the information provided in this report and determine whether they are satisfied that the internal control environment operating in the Business and Environment Services Directorate is both adequate and effective.

MAX THOMAS
Head of Internal Audit

Veritau Ltd
County Hall
Northallerton

19 November 2014

BACKGROUND DOCUMENTS

Relevant audit reports kept by Veritau Ltd at 50 South Parade, Northallerton.

Report prepared by Stuart Cutts, Internal Audit Manager, Veritau and presented by Max Thomas, Head of Internal Audit.

FINAL AUDIT REPORTS ISSUED IN THE YEAR ENDED 30 NOVEMBER 2014

	System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
A	North Yorkshire Local Transport Body	High Assurance	<p>The primary role of the North Yorkshire Local Transport Body (NYLTB) is to decide on the allocation of major transport scheme funding and oversee effective delivery of those schemes. We have completed two separate audits in the last year.</p> <p>Firstly, we reviewed the published Assurance Framework (which governs the operations of the LTB) to consider the extent to which recommended guidance was being followed. The second audit focused on the processes for compiling the list of potential transport schemes and a review of the arrangements in place to manage the key risks relating to one of those schemes (the Leeds – Harrogate – York rail improvement scheme).</p>	December 2013 and May 2014	<p>The audits identified good progress had been made in developing and implementing the Assurance Framework. The relevant frameworks had been approved by both NYLTB and the Department of Transport.</p> <p>All potential transport schemes for the LEP were considered using a consistent assessment tool. All schemes were fully documented and recommendations for each scheme reviewed by BES Management prior to being considered and approved by the NYLTB in November 2013.</p> <p>At the time of the audit, the 'Leeds – Harrogate - York' Rail Improvement Scheme was at the early stages of planning. A suitable project timeline, using national guidance for developing rail improvement schemes (GRIP) has been developed.</p>	No actions identified in either report.

	System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
B	Highways Maintenance Contract	Moderate Assurance	<p>The Highways Maintenance Contract (HMC) covers the provision of all aspects of the highways service. The service includes highway and bridge maintenance, winter maintenance, maintenance of the County Council's fleet of vehicles, street lighting maintenance, improvement works, gully emptying, grass cutting, emergency provision and surface dressing of the network.</p> <p>The annual value of the contract is approximately £43m. The contract was awarded to Ringway Infrastructure Services Ltd (Ringway) and commenced in April 2012. The audit reviewed a range of areas and controls in detail including:</p> <ul style="list-style-type: none"> • the contract management arrangements; • performance and quality assurance arrangements; • the information interface between key County Council and Ringway systems; • payment authorisation; • the accuracy of the 'pain and gain' calculations under the contract. 	December 2013	<p>Progress had been made in developing suitable arrangements to manage the contract. Regular management meetings at strategic, tactical and operational levels are now held. Good progress has also been made to resolve issues with the value of payments claimed each month by Ringway. The following issues were however noted:</p> <ul style="list-style-type: none"> • the Ringway Operations Hub was not processing orders for work as envisaged under the contract. Management had been trying, with limited success, to satisfactorily resolve this issue with Ringway; • the link between the General Ledger (Oracle), Symology and the Ringway E-Serve system was not automatically interfacing; • there was no reliable performance information concerning the GMU operatives; • Quality Assurance checks for GMU and planned maintenance were not being performed in line with HMC requirements; • there was no suitable audit trail to support some contract performance indicators. The 	<p>Five P2 and Four P3 actions were agreed</p> <p>Responsible Officer Assistant Director, H&T</p> <p>A number of these actions have been included by the Council as part the 'Project Smarter' Action Plan which seeks to address all known and significant areas for improvement in a robust and consistent way with Ringway.</p> <p>Significant developments have taken place in the Operations Hub and an ICT development plan has been agreed with Ringway that will see significant improvements in works ordering and information sharing between client and contractor.</p> <p>Automatic interfacing is to be introduced, linked to the 2020 Finance Project and the Oracle System upgrade.</p> <p>A number of process maps have been introduced to ensure the adoption of best practice and to achieve greater consistency across the county.</p>

System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
		<p>The audit did not examine winter maintenance arrangements as these were subject to a separate audit in 2014/15.</p>		<p>most efficient method to provide the data was also not always being used. Particular weaknesses were noted with PPI SL02 (Street Lighting – Percentage of Street Lighting Bulk Change completed);</p> <ul style="list-style-type: none"> • some orders were not being processed by Ringway, and the reasons for these delays was not always clear; • there was insufficient evidence to support the actual scheme costs used to calculate the 'pain and gain' under the contract. • the final costs for 'pain and gain' schemes were being agreed outside the period stated in the contract. <p>NOTE: a further follow up audit of the highways maintenance contract is currently underway. The audit includes a review of the specific actions taken to date to address these issues.</p>	<p>The process maps have Quality Control Points (QCPs) identified on them, which are being consolidated into a joint control manual. A Rapid Performance Improvement Workshop has been carried out with Ringway looking at delivering efficiencies in GMU and Planned Maintenance works as part of the County Council's 2020 North Yorkshire programme.</p> <p>An agreed 'Training Matrix' has been introduced which monitors the training needs across the hNY partnership. A programme of training is carried out linked to the matrix and significant recent initiatives include training on contract fundamentals covering payment, valuation and sign-off along with a number of strategic and local Value Added Workshops with associated action plans.</p> <p>A CPI Validation Process has been introduced that seeks to ensure that the production and validation of CPI information is more robust.</p>

System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken	
C	Bedale, Aiskew and Leeming Bar (BALB) By-pass	Substantial Assurance	This was the second in a number of planned audits over the life cycle of the project. The audit reviewed the extent to which: <ul style="list-style-type: none"> the Council's Gateway processes had been followed; appropriate contract and risk management arrangements were in place or planned; relevant lessons from previous significant procurement exercises had been considered <p>The next audit of the project is planned to take place between January and March 2015.</p>	February 2014	<p>The expected process set out in the guidance for Gateway Stages 1B, 2A and 2B had been followed. All relevant paperwork and key decisions have been appropriately authorised. We also found evidence of 'lessons being learnt' from previous procurements. Project and risk management arrangements were also being developed.</p> <p>The audit identified the need to clarify scheme governance arrangements so as to avoid possible confusion between the three project managers (NYCC, Jacobs and the proposed contractor). In addition, the existing contract with Jacobs expires on 31 March 2016 so consideration needs to be given to the arrangements after this date to ensure the effective delivery and closedown of the project.</p>	<p>One P2 and two P3 actions were agreed.</p> <p>Responsible Officer Major Projects Manager, Highways & Transportation</p> <p>The Council is following an industry standard 'NEC3' contract. There will also be an on site project risk register kept updated on a daily basis. Scheme governance arrangements will also include relevant risk and project management areas.</p> <p>Project Management arrangements with Jacobs and other parties were to be fully defined. The financial limits were also to be defined as part of the future governance arrangements for the scheme.</p>
D	Weighbridges	No opinion given	Changes had been proposed to convert the weighbridge at Whitby Recycling Centre from one that was manually operated to a fully automated system. The transfer station is operated by Yorwaste under a contract. BES Management requested an audit review of the new system to ensure appropriate controls were	February 2014	A site visit was arranged. The proposed changes were discussed with officers and advice given as required.	No actions identified.

System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken	
		in place.				
E	Flood Risk Management 2013-14	Substantial Assurance	April 2014	<p>The Council has a number of responsibilities as a Lead Local Flood Authority. A key requirement has been to develop a Flood Risk Strategy and Action Plan.</p> <p>The audit reviewed the process followed to prepare the Flood Risk Strategy, including consultation with key stakeholders.</p>	<p>At the time of the audit, a draft Flood Risk Strategy had been prepared. The draft Strategy was subject to consultation with partners. A draft policy, action plan and executive summary had also been produced. These documents were to be further reviewed and finalised in 2014/15. Initially the County Council had planned to complete this work in 2013/14. However, the demands of the winter floods had caused some delays in the process. As work is still ongoing a further audit has been scheduled in 2014/15.</p>	No actions identified.
F	Waste Management - Income & Charging	No opinion given	November 2014	<p>An audit review of the newly introduced system to charge for the disposal of hardcore, rubble and plasterboard at Waste Recycling Centres.</p>	<p>The new system was found to have adequate controls in place.</p>	No actions identified.
G	Local Enterprise Partnership	Substantial Assurance	November 2014	<p>Local Enterprise Partnerships (LEPs) comprise of local businesses working in partnership with a combination of local authorities. The County Council is part of the York, North Yorkshire & East Riding Local Enterprise Partnership. It is also the Accountable Body for the LEP</p>	<p>The Council has supported the LEP to develop the initial governance frameworks and arrangements. Overall, we found a high level of awareness during the audit of the various challenges facing all parties. We identified the following:</p> <ul style="list-style-type: none"> • A key challenge for the County 	<p>One P2 and Five P3 actions were agreed</p> <p>Responsible Officer Assistant Director Economic Partnership Unit Corporate Director Business and Environmental Services</p>

System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
		<p>partnership and was instrumental in establishing and resourcing the LEP secretariat.</p> <p>The audit reviewed the governance arrangements established to provide assurance to the County Council as the Accountable Body and the LEP to effectively manage business operations.</p>		<p>Council is the need to continue to provide effective support to the LEP at a time of significant organisational change;</p> <ul style="list-style-type: none"> • risk and performance management arrangements need to be effective to support the future needs of the LEP. These high level arrangements will help to provide assurance for both the LEP and the County Council as Accountable Body; • monitoring and reporting arrangements established to provide assurance that the terms and conditions on which grants and other monies have been awarded need to reflect the number and increasingly diverse range of schemes the LEP is managing; • some minor improvements were also required to procedures and record keeping for key decisions made by the LEP. 	<p>The Council is aware of the significant risks on the LEP and service delivery. The matter has been flagged as a Red Risk on the BES risk register and so will be managed as part of those arrangements.</p> <p>A full review of the structures of the LEP is to be prioritised and completed before the end of the financial year. The review will carefully consider future needs.</p> <p>Improved decision making arrangements are being developed and will be introduced.</p>

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	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.
Reasonable Assurance (previously 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 Assurance	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.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

4 DECEMBER 2014

INTERNAL CONTROL MATTERS FOR THE BUSINESS AND ENVIRONMENTAL SERVICES DIRECTORATE

Report of the Corporate Director – Business & Environmental Services

1.0 PURPOSE OF THE REPORT

- 1.1 To provide an update to members of progress against the areas for improvement identified in the Business & Environmental Services (BES) Directorate's Statement of Assurance.
- 1.2 To provide details of the latest Risk Register for the BES 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 BES Directorate, the Committee receives assurance through the work of internal audit (detailed in a separate report to the Committee), details of the Statement of Assurance provided by the Corporate Director, together with the Directorate Risk Register.
- 2.2 To ensure governance and internal control matters are actively monitored, the BES Management Team considers performance, finance, Statement of Assurance, Risk Register and internal audit reports on a regular basis.

3.0 STATEMENT OF ASSURANCE

- 3.1 Management Board, the Chief Executive and each Corporate Director produce 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 the Directorate in the coming financial year. These issues feed into the process to produce the Annual Governance Statement prepared for the County Council.
- 3.2 The SoA for the BES Directorate identified a number of areas for improvement for 2014/15 together with proposed actions. The relevant part of the SoA is attached as **Appendix A** together with comments and updates on progress since that meeting.

4.0 **DIRECTORATE RISK REGISTER**

- 4.1 The Directorate Risk Register (DRR) is produced initially from a review of risks at Service Unit level, which are then aggregated via a sieving process to Directorate level. This end product similarly aggregates these Directorate level risks into the Corporate Risk Register.
- 4.2 The Risk Prioritisation System adopted to derive risk registers categorises risks as follows:
- Category 1 and 2 are high risk (RED)
 - Category 3 and 4 are medium risk (AMBER)
 - Category 5 is low risk (GREEN)

These categories are relative and not absolute assessments. The DRR represents the principal risks being managed in BES that may materially impact on the performance and financial outcomes of the Directorate.

- 4.3 The latest summary DRR is shown at **Appendix B**. This shows a range of key risks and the risk reduction actions designed to minimise them together with a ranking of the risks both at the present time and after mitigating action.
- 4.4 The detailed DRR is attached at **Appendix C**. As well as providing a quick overview of the risks and their ranking, it also provides details of the change or movement in the ranking of the risk since the last review in the left hand column.
- 4.5 A review of the BES DRR took place at the end of September and signed off by the Directorate Management Team. A further formal update review of the register will take place in February / March 2015.
- 4.6 Since the last report to the Audit Committee significant achievements in relation to items on the DRR include:

Long Term Waste Strategy

Financial Close has been achieved on the Waste PPP at the end of October 2014. The deal secured was £8m better than that reported to the special County Council meeting in terms of the value for money assessment.

Local Enterprise Partnership

£110m of Growth Deal funding was secured through the LEP Strategic Economic Plan (SEP). Underpinning the SEP are three plans focussed on business growth, skills and infrastructure. With ambitions to create 20,000 jobs, £3bn growth, double house building rates, connect every student to business and connect the East and West of our region, the challenges are enormous. Efforts are focussed on delivering this plan whilst ensuring that the governance of the programme is sound and robust. The latter is critical to protect the position of the County Council as Accountable Body to the LEP.

MTFS Savings Programme

The previous MTFS savings target to the end of 2014/15 has been fully achieved. Focus is now firmly on achieving the current savings targets as set out in the 2020 North Yorkshire Programme.

Tour de France

The Tour de France event was delivered and was a success. A report, on the economic impact of the event is expected in December 2014. Additional risks were taken on when the County Council becoming the Event Organiser. These risks were managed effectively.

- 4.7 As noted above, significant progress has been achieved against a number of significant risks faced by the Directorate. However, a number of risks remain and below are the areas for particular focus:

Long Term Waste Strategy

With financial close achieved, focus now switches to the delivery of the long term Waste Service Strategy. This includes implementing revised arrangements with Yorwaste becoming 'Teckal' compliant from 1 April 2015.

2020 North Yorkshire

The Directorate is focussed on achieving its programme of service delivery, cultural change and savings targets. Management and monitoring arrangements are in operation and this includes playing a key role in the cross-cutting themes of the programme, working with other directorates and ensuring a customer focus is maintained.

Local Enterprise Partnership

It is important that the County Council engages effectively with the LEP to ensure that its work supports the economic development aims of the County Council. Discussion with other directorates regarding the Strategic Economic Plan aimed at identifying areas/activities with common objectives to maximise opportunities for the County Council. These are primarily focussed on economic growth, health and wellbeing and sustainable communities.

Capital Programme

The Directorate delivers a substantial capital programme each year on an asset valued at over £9bn. The highest risk at the moment is the delivery of the Bedale-Aiskew-Leeming Bar Bypass scheme. With an estimated total cost of £35m this represents significant financial risk. Within this the key specific risk is that any slippage on grant funding from the Department for Transport in 2014/15 cannot be recovered in future years. The immediate priority has therefore been to mobilise the contractor on-site to minimise this risk. Current projections indicate no additional net cost for the County Council. However, the nature of this type of scheme requires constant active management to ensure that the risk continues to be minimised or avoided completely. Project management arrangements are in place including a Project Board chaired by the Corporate Director, BES with support from Finance and our design consultant; the contractor also sits on this Board.

5.0 RECOMMENDATIONS

5.1 That the Committee:

- i) Note the position on the Business & Environmental Services Directorate Statement of Assurance;
- ii) Note the Directorate Risk Register for the Business & Environmental Services Directorate; and
- iii) Provide feedback and comments on the Statement of Assurance and Directorate Risk Register and any other related internal control issues.

DAVID BOWE

Corporate Director – Business & Environmental Services

21 November 2014

Report prepared by Trevor Clilverd, Assistant Director Strategic Resources

STATEMENT OF ASSURANCE

AREAS FOR IMPROVEMENT IDENTIFIED BUSINESS & ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for improvement in 2013/14	Action proposed	Progress To November 2014
<p>A 2020 North Yorkshire The County Council is embarking on a major programme of work as we look ahead to 2020 and how we adapt to our operating environment.</p> <p>Key areas of focus for the BES directorate include:</p> <p>Achieve savings target of £12.2m, whilst mitigating the service impact of these reductions through effective collaboration with colleagues in the County Council, partners and our communities.</p> <p>Deliver the BES programme of work as set out in the 2020 North Yorkshire approved programme.</p>	<p>(a) Deliver savings target of £12.2m over the four year period from 2015/16 to 2018/19.</p> <p>(b) Monthly monitoring of project and programme progress, risk and success, including savings targets, by the BES Transformation Team, made up of lead project managers from respective Service Units. Monitoring is against specified benefits and is coordinated by the Programme Manager who reports directly to the Corporate Director – BES, as well as providing reports to the BES Management Team.</p> <p>(c) Continue to contribute to the 2020 North Yorkshire Programme in terms of the cross-cutting themes and general work for the Programme for the benefit of the whole organisation. Critically, this includes ensuring that</p>	<p>There is currently a predicted shortfall of £560k against the original savings programme. However, potential alternative actions/savings being considered and put forward for decision.</p> <p>Robust monitoring of progress has been in operation from the start of the financial year, led by the Programme Manager. Reports are regularly taken to the BES Management Team for discussion and agreement on the position and any necessary actions.</p> <p>Active participation in the management of the 2020 North Yorkshire Programme continues, including cross-cutting themes and cross-directorate impacts and dependencies. This has included close working with HAS in relation to Public Health objectives and how BES can support their delivery.</p>

STATEMENT OF ASSURANCE

AREAS FOR IMPROVEMENT IDENTIFIED BUSINESS & ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for improvement in 2013/14	Action proposed	Progress To November 2014
	dependencies and impacts of and on BES projects on the wider organisation programme are identified and managed appropriately in conjunction with other directorate colleagues.	
<p>B Capacity and Resilience Further reductions in funding / resources on top of significant reductions made over the last MTFS period require sound management to ensure that the Directorate retains capacity to deliver approved service levels and statutory duties.</p> <p>Develop resource planning to establish relationship of staffing levels to future service output.</p>	(a) Review staff capacity against service delivery requirements and incorporate into future savings plans and resource plan.	Services are developing priority matrices, where relevant for various services to deliver savings whilst helping to ensure that key priorities and statutory duties will be met. Opportunities are being sought to attract additional funding to support existing services and help to retain as much resilience in the overall service as possible. This includes funding from the Local Enterprise Partnership to support mutual economic objectives and other external grants/income.
<p>C Information Governance In 2013 four BES occupied office locations were subject to an internal information security compliance check. Of the four locations checked two of these were found to have “moderate</p>	(a) Teams will carry out ‘self-audits’ on a minimum quarterly basis.	Self-audits are co-ordinated and undertaken by services directly to ensure full ownership of this process. Reviews of the results will be co-ordinated during the final quarter.

STATEMENT OF ASSURANCE

AREAS FOR IMPROVEMENT IDENTIFIED BUSINESS & ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for improvement in 2013/14	Action proposed	Progress To November 2014
<p>assurance” and two locations were found to have “limited assurance.”</p> <p>The directorate immediately responded to these findings through reinforcing the importance of information security, investment in physical security controls and management action at an individual level for serious issues identified.</p> <p>The area of focus for BES will be the continuous improvement of information management through raising awareness, installing appropriate measures and monitoring the effectiveness of those controls.</p>	<p>(b) Continue to remove any constraints to effective information management both in physical and digital environments.</p> <p>(c) Continue to raise awareness through mandatory training and developments emanating from the Corporate Information Governance Group framework.</p> <p>(d) Continue to identify and maintain a register of key information assets for BES detailing security levels and appropriate controls.</p>	<p>Steps were taken to ensure the security of information and assets containing it (e.g. laptops) through putting in place lockable storage, including key safes. Actions are ongoing should any further requirements be identified.</p> <p>Current mandatory training ensures that the right people are given the correct level of information governance training. As part of ensuring this continues, the future training programme is to be based on posts and their requirements rather than on individuals.</p> <p>The register is continues to be maintained. It has become large, with some 1,300 assets recorded – this is in the process of being consolidated to make it more fit for purpose and in line with recommendations from Internal Audit.</p>

STATEMENT OF ASSURANCE

AREAS FOR IMPROVEMENT IDENTIFIED BUSINESS & ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for improvement in 2013/14	Action proposed	Progress To November 2014
<p>D Waste Management Strategy Deliver the Waste Strategy including:</p> <p>Progress the Allerton Waste Recovery Park (AWRP) project to a conclusion.</p> <p>Continue to contribute to the YNY Waste Partnership in helping to deliver an updated strategy for minimisation, reuse, recycling and disposal.</p>	<p>(a) Identify procurement options and potential timeline for alternatives to landfill.</p> <p>(b) Continue to work with Yorwaste and other contractors to develop and deliver a strategy for effective management of waste disposal across North Yorkshire including procurement of interim waste management services effective from 1 April 2015.</p> <p>(c) Develop and implement revised working arrangements with Yorwaste and prepare for the company becoming 'Teckal' compliant from 1 April 2015.</p>	<p>Financial Close was achieved on 30 October 2014 following approval to proceed from County Council on 24 September. Financial Close was delivered within the approved value for money envelope, with the final contract price approximately £8million (NPV) better than reported to Council.</p> <p>Interim waste management services are in procurement and on target to be implemented from 1 April 2015.</p> <p>Work is progressing with Yorwaste (including the development of an alternative value for money framework) to enable provision of services by Yorwaste from April 2015 through the 'Teckal' exemption from competitive procurement.</p>

STATEMENT OF ASSURANCE

AREAS FOR IMPROVEMENT IDENTIFIED BUSINESS & ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for improvement in 2013/14	Action proposed	Progress To November 2014
<p>E Performance and Contract Management One of the cross cutting themes of 2020 North Yorkshire is Organisational Development. This includes key elements of performance management of staff. To maximize future performance with reducing resources, the BES directorate must play a full role in this work and implement improvements across the directorate.</p> <p>The HMC 2012 contract will be in its third year in 2014/15. National experience shows that it is common for there to be problems associated with the transition from one large term maintenance contract to another and it is accepted that there have been difficulties. The latest audit carried out in the final quarter of 2013/14 provided a 'moderate' assurance rating and recognises that although significant progress has been made, further improvement actions are necessary.</p>	<p>(a) Work directly with the lead officer for Organisational Development to ensure that BES issues are incorporated into the work and outcomes are fully implemented.</p> <p>(b) Ensure that good progress is made against the actions contained in the highways North Yorkshire (hNY) improvement action plan to achieve improved value for money. The action plan contains improvements such as the on-going delivery of a programme of training and development to improve and embed understanding of the contract and the development of better performance information to improve performance management of the services provided through the contract.</p>	<p>BES representation exists on all Organisational Development work. It has also twice been the subject of discussion at BES senior manager workshops as part of ensuring BES are active in this critical aspect of the 2020 North Yorkshire Programme.</p> <p>There has been some good progress against the hNY Improvement Action Plan (hNY IAP). Examples are noted below.</p> <p>The hNY Improvement Action Plan (IAP) and hNY Risk Register are both reviewed/updated on a quarterly basis at a Strategic Management Group, chaired by the Assistant Director of Highways.</p> <p>Monthly joint improvement meetings under the banner of 'Project SMARTER' continue to be held to manage the various people, process and system issues. A Decision and Action Log is routinely revisited to track progress by action owners against deadlines.</p> <p>An ICT Development Plan has been agreed</p>

STATEMENT OF ASSURANCE

AREAS FOR IMPROVEMENT IDENTIFIED BUSINESS & ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for improvement in 2013/14	Action proposed	Progress To November 2014
		<p>with Ringway's ICT Director and is also maintained as part of Project SMARTER. This typically includes the testing and 'Go Live' of system upgrades/improvements. System interfacing is also considered as part of the wider 2020 Finance and ORACLE upgrades, together with the development of a Highway Management Information System (HMIS) strategy.</p> <p>As part of the 2020 North Yorkshire project, a 'LEAN' Review of the Basic Maintenance function was jointly undertaken in November 2014 to look at how works ordering, coordination, delivery and payment can be made more efficient.</p> <p>During 2014, many process maps have been jointly developed, agreed and uploaded to various systems for all hNY Partners to use. This includes the mapping of a scheme, covering a 3 year timeline, from inception, to decommissioning and the various control processes in between. Work is on-going to prioritise the more 'operational' process maps.</p> <p>One of the 5 Themes of the hNY IAP covers training and the delivery of a SMG agreed</p>

STATEMENT OF ASSURANCE

AREAS FOR IMPROVEMENT IDENTIFIED BUSINESS & ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for improvement in 2013/14	Action proposed	Progress To November 2014
		<p>'Training Matrix'. Examples of training given include the NEC3 Form of Contract, hNY Workshop in September 2014 and 'HMC 2012 Contract Fundamentals' training in October/November 2014 – predominantly covering Payment, Valuation and Scheme Sign Off.</p> <p>Ringway's Operations Hub now produces a weekly Area Performance Matrix highlighting performance for each one including works orders placed and completed This continues to be developed but is starting to inform weekly meetings in terms of trends and useful management information.</p> <p>The validation of Contract Performance Indicators (CPIs) is now an on-going task, rather than being left until the month or so prior to the annual Evaluation Panel (held in May).</p>
<p>F Major Projects The Yorkshire elements of the Tour de France Grand Depart took place on 5 and 6 July 2014. The County Council, along with all other participating local authorities, was an 'Event Organiser'.</p>	<p>(a) Manage the new risks associated with becoming the event organiser of the Tour de France.</p>	<p>The event was successfully delivered with no major incidents. There have been a very small number of minor claims which are being dealt with by the Insurance Team. Any claims not relating to the County Council's responsibilities</p>

STATEMENT OF ASSURANCE

AREAS FOR IMPROVEMENT IDENTIFIED BUSINESS & ENVIRONMENTAL SERVICES DIRECTORATE		
Areas for improvement in 2013/14	Action proposed	Progress To November 2014
<p>That brought with it additional responsibilities, specifically in relation to developing a robust event management plan, managing crowd safety and responsibility for volunteers. To mitigate associated risks, the County Council procured the support of a specialist event management company.</p> <p>Full approval was sought from the Department for Transport for the Bedale Aiskew Leeming Bar Bypass (BALB). It was awarded and robust contract management arrangements are required to ensure delivery of the project on time and to budget, and in such a way that minimises financial and reputation risks to the County Council.</p>	<p>(b) A one off event insurance policy was put in place to cover the County Council and district councils against additional liabilities.</p> <p>(c) Set up and operate sound contract management arrangements for the BALB project incorporating design, construction and financial aspects of the project.</p>	<p>are being firmly rejected. A report on the economic impact of the event is due in December 2014.</p> <p>Arrangements are in place and being further developed with the contractor for BALB. The immediate priority has been to mobilise the contractor on site to ensure that the maximum level of grant from the Department of Transport is utilised. This reflects the main risk item on the scheme, which is that any unspent grant in 2014/15 cannot be claimed in a future year by the County Council. All efforts will continue to ensure this risk is avoided or minimised.</p>

BES Directorate

Risk Register: Month 0 (Sept 2014) – summary
Report Date: 27th October 2014 (cpc)

Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
◀▶	7/18 - Long Term Waste Service Strategy	Failure to deliver the long term waste service strategy	CD BES	CD BES	M	L	H	L	H	2	15	31/10/2014	L	L	H	L	H	3	Y	CD BES
◀▶	7/24 - Capital Programme	Ineffective management of capital programme including BALB, LEP, LTP, LSTF, RFA, LTB, Waste Management and projects resulting in significant overspend/underspend, weak use of resources, loss of reputation and performance.	CD BES	AD SR & Perf	M	M	H	M	M	2	9	28/02/2015	L	M	H	M	M	3	Y	CD BES
- new -	7/189 - Delivery of transport schemes within the LEP's Strategic Economic Plan	Failure to deliver the programme of transport schemes within the LEP's Strategic Economic Plan results in reputational damage to the County Council and impacts upon the potential to secure funding for transport schemes in future rounds of the Local Growth Fund. There is a direct role for H&T to deliver the schemes promoted by the County Council, but also a supporting role to assist third party scheme promoters specifically the district councils.	CD BES	BES AD H&T	M	M	H	L	H	2	3	30/11/2014	L	M	H	L	H	3	Y	CD BES
▲	7/7 - Statutory Duties	Failure to carry out statutory duties or meet statutory deadlines (e.g. Health and Safety, safe guarding, information governance, prevention of waste pollution, planning responsibilities, statutory property related issues, driver/vehicle guidance) resulting in Corporate Manslaughter, increased cost/claims, fines/prosecution and criticism.	CD BES	CD BES	M	M	M	M	H	2	5	31/12/2014	L	M	M	M	H	3	Y	CD BES
◀▶	7/174 - Leeds City Region Area combined authorities and overlapping boundaries	The Leeds City Region Area has a complex mixture of combined authorities with overlapping boundaries relative to economy, planning, transport and infrastructure, which may not have a positive impact or may prejudice outcomes for North Yorkshire residents as a whole, resulting in missed opportunities or funding for North Yorkshire	CD BES	CD BES	M	L	H	L	L	2	4	31/05/2015	M	L	M	L	L	4	N	



BES Directorate




Risk Register: **Month 0 (Sept 2014) – summary**

Report Date: 27th October 2014 (cpc)

Identity			Person		Classification											Fallback Plan				
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre					RR		Post					FBPlan	Action Manager		
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv			Rep	Cat
▼	7/173 - Minerals and Waste Development Framework	Failure to develop a Minerals and Waste Development Framework by end of October 2015 as the basis for development control decision-making resulting in risk of legal challenge through judicial review, appeals with resulting financial and workload implications, failure to support wider Corporate procurement, adverse implications for the local economy, risk of National Government passing on European fines	CD BES	BES AD TS&P	M	H	M	M	H	2	5	31/12/2014	L	M	M	M	M	5	N	
▼	7/30 - Procurement and Contract Management	Failure to implement challenging and effective contract procurement and management leading to internal / external criticism and sub optimal use of resources (e.g. Highways Maintenance, Engineering Services, Waste and IPT contracts)	CD BES	BES MT	L	M	H	L	M	3	8	31/12/2014	L	M	H	L	M	3	Y	CD BES
◀▶	7/175 - Cultural Change including 2020 North Yorkshire programme	Failure to effectively deliver the BES 2020 Programme including the required cultural change resulting in adverse impact on service delivery, inability to fully meet current and future financial requirements, internal and external criticism.	CD BES	BES MT	L	H	M	H	L	3	7	30/06/2015	L	H	M	H	L	3	Y	CD BES
◀▶	7/23 - Major Incident and Service Continuity	Failure to plan and respond effectively to a major incident without major impact upon routine service performance or longer term impact on service delivery. Such incidents may include animal health disease, flooding and other severe weather, internal infrastructure breakdown resulting in the need to deliver additional service in order to ensure effective enforcement/containment and minimal disruption to the transport network	CD BES	CD BES	L	M	H	H	M	3	5	30/06/2015	L	M	H	H	M	3	Y	CD BES
- new -	7/201 - Tour de Yorkshire	Failure to effectively deliver the County Council's responsibilities associated with hosting the Tour de Yorkshire in North Yorkshire in 2015 &/or significant adverse publicity around hosting the event resulting in potential reputational, legal and financial impact upon the County Council.	CD BES	BES AD H&T	L	L	M	M	H	3	6	1/12/2014	L	L	M	M	H	3	Y	CD BES
- new -	7/22 - Interaction with the LEP	Failure to fully engage with the LEP to ensure its work supports the economic development aims of the Council.	CD BES	BES AD EPU	L	L	H	L	M	3	6	30/04/2015	L	L	M	L	M	5	Y	CD BES

BES Directorate

Risk Register: **Month 0 (Sept 2014) – summary**
Report Date: 27th October 2014 (cpc)

Key	
	Risk Ranking has worsened since last review.
	Risk Ranking has improved since last review
	Risk Ranking is same as last review
- new -	New or significantly altered risk



BES Directorate

Risk Register: Month 0 (Sept 2014) – detailed
Report Date: 27th October 2014 (cpc)

Phase 1 - Identification											
Risk Number	7/18	Risk Title	7/18 - Long Term Waste Service Strategy			Risk Owner	CD BES		Manager	CD BES	
Description	Failure to deliver the long term waste service strategy				Risk Group	Performance		Risk Type	W&CS 14/33		
Phase 2 - Current Assessment											
Current Control Measures		Strategic group; officer group (strat and proc); PPP group; project plan and indicators; adopted waste strategy; adopted local plan (waste); strategy for sites and planning developed; business case approved; approval of Treasury (FBC); contract awarded; waste flow and MTFS position monitored; monitoring of sites and planning strategies; IAA with CYC signed; ongoing close liaison with CYC to agree decision making process; CYC and NYCC Council approvals to award PPP Contract; planning advisor; contractor appointed; planning permission granted subject to Judicial Review; soft market testing of interim solutions carried out; Teckal with Yorwaste agreed; Exec agreed recommendation to council; Plan for procurement of interim arrangements; County Council sign off; Technical review incl. engineering to minimise long term contract costs with Amey Cespa; Project funding and explored all alternatives & options with Amey Cespa; Continual review of waste flow; Section 151 officer sign off;						Effectiveness			
Probability	M	Objectives	L	Financial	H	Services	L	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager		Action by	Completed		
Reduction	7/91 - Carry out Technical review including engineering to minimise long term contracts costs, demonstrate value compared with alternative options - with Amey Cespa				BES AD W&CS		Thu-31-Jul-14		Sat-31-May-14		
Reduction	7/174 - Continue to ensure sufficiency of budget provision and strategy for Waste PPP (ongoing review)				Waste Strategy Finance Lead		Mon-31-Aug-15				
Reduction	7/427 - Progress project funding with Amey Cespa and fully explore all alternative and options - with Amey Cespa				Waste Strategy Finance Lead		Thu-31-Jul-14		Sat-31-May-14		
Reduction	7/428 - Continue to do soft market testing and scope options for interim solutions assuming delays in the long term				BES AD W&CS		Mon-31-Aug-15				
Reduction	7/429 - Implement a Teckal approach to the Waste Services Procurement 2015				BES AD W&CS		Tue-31-Mar-15				
Reduction	7/430 - Obtain Members' sign off based on detailed VFM assessment and details of the business case				CD BES		Wed-24-Sep-14		Wed-24-Sep-14		
Reduction	7/431 - Procurement &/or delivery of agreed front end facilities				BES AD W&CS		Tue-31-Mar-15				
Reduction	7/432 - Continual review of waste flow to inform future strategy (ongoing)				CD BES		Thu-31-Jul-14		Sun-31-Aug-14		
Reduction	7/439 - Continue with procurement of interim arrangements (4 years)				BES AD W&CS		Mon-31-Aug-15				
Reduction	7/447 - Publish OJEU notice and review any challenge				BES AD W&CS		Fri-31-Oct-14				

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Reduction	7/448 - Start a financial close 'dry run' process including affordability and VFM	BES AD W&CS	Fri-31-Oct-14								
Reduction	7/481 - Work with and monitor Amey Cespa contract (construction)	BES AD W&CS	Sat-31-Mar-18								
Reduction	7/482 - Ensure effective contract management arrangements are in place	BES AD W&CS	Tue-31-Mar-15								
Reduction	14/792 - Obtain Section 151 officer sign off from CYC and NYCC	CD BES	Mon-30-Jun-14	Thu-31-Jul-14							
Reduction	14/793 - Maintain PPP project risk register	BES W&CS WSM	Mon-31-Aug-15								
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	H	Category	3
Phase 5 - Fallback Plan											
Fallback Plan	7/73 - Rely short term on newly procured arrangements from April 2015, review strategy, media management									Action Manager	CD BES

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Phase 1 - Identification												
Risk Number	7/24	Risk Title	7/24 - Capital Programme				Risk Owner	CD BES		Manager	AD SR & Perf	
Description	Ineffective management of capital programme including BALB, LEP, LTP, LSTF, RFA, LTB, Waste Management and projects resulting in significant overspend/underspend, weak use of resources, loss of reputation and performance.					Risk Group	Financial		Risk Type	SR&P 11/6 H&T 9/195		
Phase 2 - Current Assessment												
Current Control Measures			Project mgrs/sponsors for each project; regular financial & project monitoring and reporting of the programme; some project planning; Gateway training carried out; Capital Projects Board in operation; risk assessment carried out in Capital Plan reports feed into MTFS; Finance Officer support to Capital; risk register for major schemes; project board for major schemes; IDSG; appropriate actions and contingencies dependent on risks established & reported to BESMT on a regular basis; risk assessment for major schemes; additional and effective highways capital programme resource / manager to drive delivery of the programme implemented; Specific and ongoing training in financial and project management for key BES staff; PIR of major projects; sub group of Capital Projects Board reviews projects when appropriate, contract management health measurement and reporting;						Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	M	Reputation	M	Category	2	
Phase 3 - Risk Reduction Actions												
Reduction	7/175 - Ensure high quality, timely reports to Capital Projects Board and Exec members covering key service and financial risk items					Action Manager	AD SR & Perf		Action by	Sat-28-Feb-15		
Reduction	7/258 - Operate 2 year LTP works programme ensuring realistic delivery targets and alignment of internal and external delivery resources.					Action Manager	BES AD H&T		Action by	Tue-30-Jun-15		
Reduction	7/259 - Introduce efficiency measures for capital projects and programmes where relevant – focus on highways capital works programme for structural maintenance. Evidence of inefficiency in the programme leading to sub-optimal use of funding.					Action Manager	AD SR & Perf BES AD H&T		Action by	Tue-30-Jun-15		
Reduction	7/373 - Introduction of contract management health measurement and reporting – this will contribute to delivery of works programme by ensuring key processes and actions are followed – e.g. process map compliance, effective communications between partners, etc.					Action Manager	AD SR & Perf		Action by	Tue-30-Sep-14 Mon-30-Jun-14		
Reduction	7/420 - Continue project management and gateway approach towards capital schemes.					Action Manager	AD SR & Perf		Action by	Sat-28-Feb-15		
Reduction	7/424 - Sub group of Capital Projects Board to review projects when appropriate					Action Manager	BES MT		Action by	Tue-30-Sep-14 Tue-30-Sep-14		
Reduction	11/180 - Advice and support for the LEP on financial and partnership governance and to the development and delivery of investments programmes. Particular focus on Growing Places, EU Funding and Single Pot.					Action Manager	AD SR & Perf		Action by	Sat-28-Feb-15		
Reduction	11/182 - Continue to assess current capabilities and put in place any requirements necessary to enable effective delivery of capital projects					Action Manager	AD SR & Perf		Action by	Sat-28-Feb-15		
Reduction	11/268 - Provide advice and support for management of the BALB contract					Action Manager	AD SR & Perf		Action by	Sat-28-Feb-15		

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**
 Report Date: 27th October 2014 (cpc)

Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	M	Reputation	M	Category	3
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	7/72 - Review of all resources and procedures; media management; member engagement; intervention by Capital Projects Board									CD BES	



BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Phase 1 - Identification											
Risk Number	7/189	Risk Title	7/189 - Delivery of transport schemes within the LEP's Strategic Economic Plan					Risk Owner	CD BES	Manager	BES AD H&T
Description	Failure to deliver the programme of transport schemes within the LEP's Strategic Economic Plan results in reputational damage to the County Council and impacts upon the potential to secure funding for transport schemes in future rounds of the Local Growth Fund. There is a direct role for H&T to deliver the schemes promoted by the County Council, but also a supporting role to assist third party scheme promoters specifically the district councils.						Risk Group	Performance	Risk Type	Dir Only	
Phase 2 - Current Assessment											
Current Control Measures		Programme in place for delivery of County Council promoted schemes; support being provided to the third party scheme promoters; risk analysis for each scheme undertaken; effective engagement with LEP						Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	7/318 - Continue to engage with the LEP and support them to manage risks associated with specific scheme programmes						CD BES	Tue-30-Jun-15			
Reduction	7/319 - Secure Jacobs resource to support third party scheme promoters						BES AD H&T	Sun-30-Nov-14			
Reduction	7/436 - Ensure sufficient resource in H&T to effectively promote County Council schemes						BES AD H&T	Tue-30-Jun-15			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	H	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	7/537 - LEP to consider re-profiling Local Growth Fund programme									CD BES	

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Phase 1 - Identification													
Risk Number	7/7	Risk Title	7/7 - Statutory Duties					Risk Owner	CD BES		Manager	CD BES	
Description	Failure to carry out statutory duties or meet statutory deadlines (e.g. Health and Safety, safe guarding, information governance, prevention of waste pollution, planning responsibilities, statutory property related issues, driver/vehicle guidance) resulting in Corporate Manslaughter, increased cost/claims, fines/prosecution and criticism.						Risk Group	Performance		Risk Type	Dir Only		
Phase 2 - Current Assessment													
Current Control Measures			Service plans; service unit risk registers; allocation of responsibility training for key staff; prof. bodies incl. HSE; CPD; CDM; RMWGs; routine inspecs; contractor selection proc; NYCC legal and safety advisers; annual contractor training; Designated Directorate H&S Manager and support; regular item on BESMT; SMTs; Partnership and contract managers group; Directorate H&S working group; risk assessment; incident feedback; previous risk assessment on most sites; landfill gas perimeter controls; annual review of all sites (monitoring results); regular monitoring; use of consultants; agency staff; documented proc; record of dec. actions; audit and review of proc/compliance, inspecs, actions and training; corporate policies, procedures and champions; services to employ sufficient numbers of professionally trained/qualified officers;						Effectiveness				
Probability	M	Objectives	M	Financial	M	Services	M	Reputation	H	Category	2		
Phase 3 - Risk Reduction Actions													
							Action Manager	Action by	Completed				
Reduction	7/458 - Ensure that the current H&S procedures are audited to ensure compliance						CD BES	Tue-30-Jun-15					
Reduction	7/459 - Review the H&S arrangements of Contractors and Partner organisations						BES AD H&T	Tue-30-Jun-15					
Reduction	7/461 - To monitor all service plans and risk registers and ensure they are checked on a regular basis						BES MT	Tue-30-Jun-15					
Reduction	7/462 - Review incidents and develop action plans						BES MT	Tue-30-Jun-15					
Reduction	14/788 - Develop incident plan for incidents relating to former landfill sites; with AD for sign off						BES W&CS D&O Tm Ldr	Wed-31-Dec-14					
Phase 4 - Post Risk Reduction Assessment													
Probability	L	Objectives	M	Financial	M	Services	M	Reputation	H	Category	3		
Phase 5 - Fallback Plan													
										Action Manager			
Fallback Plan	7/78 - Implement appropriate management and contingency plans; review priorities and reprioritise service delivery; media management									CD BES			

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Phase 1 - Identification											
Risk Number	7/174	Risk Title	7/174 - Leeds City Region Area combined authorities and overlapping boundaries					Risk Owner	CD BES	Manager	CD BES
Description	The Leeds City Region Area has a complex mixture of combined authorities with overlapping boundaries relative to economy, planning, transport and infrastructure, which may not have a positive impact or may prejudice outcomes for North Yorkshire residents as a whole, resulting in missed opportunities or funding for North Yorkshire						Risk Group	Strategic	Risk Type	Dir Only	
Phase 2 - Current Assessment											
Current Control Measures		Communication and engagement internally within the County Council and with appropriate authorities; the YNYER LEP and Govt depts						Effectiveness			
Probability	M	Objectives	L	Financial	H	Services	L	Reputation	L	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	7/92 - Engage with all authorities to promote opportunities and benefits for North Yorkshire, as well as its objectives, interests and needs						BES RUG	Sun-31-May-15			
Reduction	7/94 - Engage with Government departments to influence outcomes						BES RUG	Sun-31-May-15			
Reduction	7/262 - Communicate benefits of alternative arrangements that could be complimentary to Leeds City Region						BES RUG	Sun-31-May-15			
Reduction	7/263 - Ensure the scope of topics includes the full range of North Yorkshire's interests and objectives including in relation to the economy, transport, infrastructure and green infrastructure matters.						BES RUG	Sun-31-May-15			
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	L	Financial	M	Services	L	Reputation	L	Category	4
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan											

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Phase 1 - Identification											
Risk Number	7/173	Risk Title	7/173 - Minerals and Waste Development Framework					Risk Owner	CD BES	Manager	BES AD TS&P
Description	Failure to develop a Minerals and Waste Development Framework by end of October 2015 as the basis for development control decision-making resulting in risk of legal challenge through judicial review, appeals with resulting financial and workload implications, failure to support wider Corporate procurement, adverse implications for the local economy, risk of National Government passing on European fines						Risk Group	Performance	Risk Type	TS&P 13/31	
Phase 2 - Current Assessment											
Current Control Measures			Performance monitoring; awareness of new developments; resource monitoring; briefing of BESMT; delivery of in-house sustainability appraisal work; memorandum of understanding to govern principles of joint working; Exec approval to change development of Framework date to end of October 2015						Effectiveness		
Probability	M	Objectives	H	Financial	M	Services	M	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	7/267 - Work closely with City of York Council and the North Yorks Moors National Park Authority on joint Minerals and Waste Development Strategy						BES AD TS&P	Sat-31-Oct-15			
Reduction	13/54 - Continue to review progress against LDF milestones, review and update milestones as necessary, in particularly in light of Duty to Co-operate						BES AD TS&P	Sat-31-Oct-15			
Reduction	13/519 - Continue to keep budget priorities under review						BES AD TS&P	Sat-28-Feb-15			
Reduction	13/523 - Continue to monitor new developments eg fracking, using planning officers society and peer groups in particular the Duty to Co-operate						BES AD TS&P	Sat-28-Feb-15			
Reduction	13/753 - Launch preferred options consultation						BES AD TS&P	Wed-31-Dec-14			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	M	Reputation	M	Category	5
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan											

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Phase 1 - Identification											
Risk Number	7/30	Risk Title	7/30 - Procurement and Contract Management					Risk Owner	CD BES	Manager	BES MT
Description	Failure to implement challenging and effective contract procurement and management leading to internal / external criticism and sub optimal use of resources (e.g. Highways Maintenance, Engineering Services, Waste and IPT contracts)						Risk Group	Strategic	Risk Type	Dir Only	
Phase 2 - Current Assessment											
Current Control Measures		Commercial Services Unit established within BES; HoS CSU is a member of Corporate Procurement Group; Gateway process used where appropriate; regular communication and challenge between internal clients; reporting and challenge through various fora eg Capital Projects Board; regular liaison meetings with partnering contractors and consultants; CPIs/KPIs developed and used to drive performance; regular monitoring of existing controls, highlighting and addressing any issues, contract health reporting in place, BES 2020 NY Procurement Workshop,						Effectiveness			
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	M	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	7/87 - Continue to implement Contract Health Reporting for all major contracts. CPIs and KPIs monitored through monthly hNY Governance meetings.						AD SR & Perf	Tue-30-Jun-15	Mon-30-Jun-14		
Reduction	7/99 - Monitor compliance with CPRs, Risk - based Procurement Gateway Process, supported by monitoring FPP, YORtender and training. CPR Waiver Forms also reviewed and checked for compliance.						BES MT	Tue-30-Jun-15			
Reduction	7/136 - Continue to attend CPG and disseminate info/action across BES for CPG, YORprocure, O & SC etc, for example via quarterly Directorate Procurement Group mtgs, 6 – weekly Procurement KIT mtgs with NYPS and AD, monthly procurement updates on intranet, and feedback e mails after every CPG. BES 2020 NY Procurement Workshop held June 2014						BES MT	Tue-30-Jun-15			
Reduction	7/261 - CSU upskilling of team member through attainment of CIPS Procurement Qualification (Level 4) and redesignation of role. Embedding Directorate Procurement Champion duties within CSU Team Plan and quarterly monitoring of associated performance. Further requirement agreed with AD (H & T) to be implemented during Q3 14/15 – researching MCIPS qualification in line with HA comparator and additional responsibility.						BES H&T HoCS	Wed-31-Dec-14			
Reduction	7/476 - Audit and challenge processes within existing contract management arrangements. Input to review of CPRs, Procurement Manual and associated templates.						BES MT	Tue-30-Jun-15			
Reduction	7/477 - Liaison with NYPS and challenge procurement methods when opportunities exist. Ensure effective use of resources through monitoring of NYPS Resource Plan, coord with BES FPP, promoting the NYPS resource available. Use of NYPS Contract Manager (Fixed Term) to consider HMC 2012, Traffic Signals and IPT contracts						BES MT	Tue-30-Jun-15			
Reduction	7/478 - Challenge contract performance measures and develop more effective performance measures with key clients. CSU to lead review of HMC 2012 CPIs during Sep/Oct 2014						BES MT	Tue-30-Jun-15			
Reduction	7/479 - Implement effective Governance arrangements around the Future Arrangements for BES Engineering and Property Services Post April 2016 and ensure JUK performance until end March 2016. NB Project-specific Risk Register, Project Plan, Mobilisation of new arrangements, demobilisation of existing contract.						BES H&T HoCS	Thu-31-Mar-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	M	Category	3

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**
Report Date: 27th October 2014 (cpc)

Phase 5 - Fallback Plan		Action Manager
Fallback Plan	7/81 - Review individual circumstances as they occur, in consultation with others (eg NYPS, Legal, Finance) and develop appropriate solutions	CD BES



BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Phase 1 - Identification											
Risk Number	7/175	Risk Title	7/175 - Cultural Change including 2020 North Yorkshire programme					Risk Owner	CD BES	Manager	BES MT
Description	Failure to effectively deliver the BES 2020 Programme including the required cultural change resulting in adverse impact on service delivery, inability to fully meet current and future financial requirements, internal and external criticism.					Risk Group	Change Mgt	Risk Type	SR&P 11/10		
Phase 2 - Current Assessment											
Current Control Measures		BES MT; BES Senior Managers awaydays; CD BES Staff Updates; reps on 2020NY workstreams (where still relevant); key messages; cascade of 2020NY vision and approach; monitoring of impacts on performance; monitoring of impacts on savings target; staff stress survey carried out and actions followed up; 2020 North Yorkshire plans submitted; Savings programme developed; political agreement and acknowledgement of risks; Performance Management framework development; BES Transformation Steering Group; Performance Management Review in BES; BES MT engagement on budget and 2020NY approach; Transformation and VFM; 4 year programme; ICT Strategy;						Effectiveness			
Probability	L	Objectives	H	Financial	M	Services	H	Reputation	L	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	7/93 - Continue communication/engagement arrangements with staff on 2020 North Yorkshire programme						BES MT	Tue-30-Jun-15			
Reduction	7/260 - Continue to monitor impacts of BES 2020 Programme including regular surveys of BES staff						BES MT	Tue-30-Jun-15			
Reduction	7/265 - Promote and embed cultural change through key messages, KITs, manager and non-manager objectives, regular reporting on progress of change projects and impacts of daily operations on delivery of aims.						BES MT	Tue-30-Jun-15			
Reduction	7/376 - Revisit and implement outcomes of BES Senior Managers awayday where actions were noted to improve ways of working – e.g. need to improve empowerment of staff.						BES MT	Tue-30-Jun-15			
Reduction	7/377 - Carry out formal post implementation review of the current and reduction actions for 2013/14 and agree future actions required.						BES MT	Tue-30-Jun-15			
Reduction	7/450 - Deliver savings plan as agreed in MTFS / Budget 2						AD SR & Perf	Tue-30-Jun-15			
Reduction	7/451 - Ensure appropriate allocation of resources						AD SR & Perf	Tue-30-Jun-15			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	H	Financial	M	Services	H	Reputation	L	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	7/539 - Review approach to cultural change management							CD BES			

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Phase 1 - Identification											
Risk Number	7/23	Risk Title	7/23 - Major Incident and Service Continuity					Risk Owner	CD BES	Manager	CD BES
Description	Failure to plan and respond effectively to a major incident without major impact upon routine service performance or longer term impact on service delivery. Such incidents may include animal health disease, flooding and other severe weather, internal infrastructure breakdown resulting in the need to deliver additional service in order to ensure effective enforcement/containment and minimal disruption to the transport network						Risk Group	Performance	Risk Type	SR&P 11/147	
Phase 2 - Current Assessment											
Current Control Measures			Leadership of BES Management Team and appropriate lead manager; work with other appropriate partners; appropriate major incident and service plans; inspection monitoring programmes; systems resilience & back up arrangements in place; service continuity plans and testing are in place; silver command exercises in Highways and Transportation; implementation of solutions based upon lessons learned from previous major incidents;					Effectiveness			
Probability	L	Objectives	M	Financial	H	Services	H	Reputation	M	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	7/98 - On-going review, standardisation and update of service continuity plans						AD SR & Perf	Tue-30-Jun-15			
Reduction	7/374 - Ensure that resources are flexible enough to manage unexpected major incidents						BES MT	Tue-30-Jun-15			
Reduction	7/444 - Continually review procedures plans and training						BES MT	Tue-30-Jun-15			
Reduction	7/445 - Further re-allocation of resources and request for Corporate support						BES MT	Tue-30-Jun-15			
Reduction	7/446 - Annual live or desk top exercises to test plans						BES MT	Tue-30-Jun-15			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	H	Reputation	M	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	7/75 - Review the plans, media management, advise Members								CD BES		

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Phase 1 - Identification											
Risk Number	7/201	Risk Title	7/201 - Tour de Yorkshire				Risk Owner	CD BES		Manager	BES AD H&T
Description	Failure to effectively deliver the County Council's responsibilities associated with hosting the Tour de Yorkshire in North Yorkshire in 2015 &/or significant adverse publicity around hosting the event resulting in potential reputational, legal and financial impact upon the County Council.					Risk Group	Performance		Risk Type	H&T 9/196	
Phase 2 - Current Assessment											
Current Control Measures			NYCC Highways Project Team established; working alongside project manager from WTY, adjacent authorities and NY Police; required highway works have been identified & are being programmed as needed.					Effectiveness			
Probability	L	Objectives	L	Financial	M	Services	M	Reputation	H	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	7/177 - Continue to work & engage with all key partners across the race route (inc North York Moors National Park, Forestry					CD BES		Mon-27-Apr-15			
Reduction	9/192 - Develop an appropriate event plan					BES AD H&T		Mon-30-Mar-15			
Reduction	9/357 - Route preparation including implementing required highway works, and working with statutory undertakers to ensure all utilities apparatus is not causing any risks to the race.-					BES AD H&T		Mon-27-Apr-15			
Reduction	9/361 - Develop a project plan for task to be completed to deliver the event & the associated delivery of the key tasks in accordance with the project plan involving NYCC Directorates as appropriate.					BES AD H&T		Mon-1-Dec-14			
Reduction	9/552 - Deliver the traffic management plan in North Yorkshire under a rolling road closure programme and liaise closely with other TM partners including but not limited to the Police Central Escort Group					BES AD H&T		Mon-27-Apr-15			
Reduction	9/553 - Put in place appropriate staffing arrangements to fulfil the necessary roles over the race weekend					BES AD H&T		Mon-27-Apr-15			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	M	Services	M	Reputation	H	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	9/101 - Manage media issues however the current control measures and risk reduction actions are considered adequate to ensure the County Council delivers its responsibilities in relation to the Tour de Yorkshire.									CD BES	

BES Directorate

Risk Register: **Month 0 (Sept 2014) – detailed**

Report Date: 27th October 2014 (cpc)

Phase 1 - Identification												
Risk Number	7/22	Risk Title	7/22 - Interaction with the LEP					Risk Owner	CD BES		Manager	BES AD EPU
Description	Failure to fully engage with the LEP to ensure its work supports the economic development aims of the Council.					Risk Group	Partnerships		Risk Type	EPU 176/184		
Phase 2 - Current Assessment												
Current Control Measures			LEP Board; agreed draft priority themes; development of EPU; high profile and influential private sector Chairman; Action Plan; governance arrangements in place; comprehensive business plan in place and being implemented; consideration and pursuit of funding opportunities in place; £8.6M Growing Places Fund attracted and allocated; £110M secured from Local Growth Fund;						Effectiveness			
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	M	Category	3	
Phase 3 - Risk Reduction Actions												
							Action Manager	Action by	Completed			
Reduction	176/291 - Deliver the economic plan						BES AD EPU	Tue-31-Mar-20				
Reduction	176/292 - Continue to develop working relationships with Public Sector partners						BES AD EPU	Thu-30-Apr-15				
Reduction	176/293 - Continue to develop working relationships with key private sector businesses						BES AD EPU	Thu-30-Apr-15				
Reduction	176/298 - Continue to monitor National and European funding opportunities						BES AD EPU	Thu-30-Apr-15				
Reduction	176/299 - Continue to monitor governance arrangements						CD BES	Thu-30-Apr-15				
Reduction	176/305 - Maintain strong working relations with City of York Council						BES AD EPU	Thu-30-Apr-15				
Phase 4 - Post Risk Reduction Assessment												
Probability	L	Objectives	L	Financial	M	Services	L	Reputation	M	Category	5	
Phase 5 - Fallback Plan												
									Action Manager			
Fallback Plan	7/74 - Press engagement to mitigate our involvement and continue to work in partnership with all sectors							CD BES				

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

4 DECEMBER 2014

PROGRESS ON 2014/15 INTERNAL AUDIT PLAN

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the progress made to date in delivering the 2014/15 Internal Audit Plan and any developments likely to impact on the Plan throughout the remainder of the financial year.

2.0 BACKGROUND

- 2.1 Members approved the 2014/15 Audit Plan on the 6 March 2014. The total number of planned audit days for 2014/15 is 1,495 (plus 1,085 days for other work including counter fraud and information governance). The performance target for Veritau is to deliver 93% of the agreed Audit Plan.
- 2.2 This report provides details of how work on the 2014/15 Audit Plan is progressing.

3.0 INTERNAL AUDIT PLAN PROGRESS BY 31 OCTOBER 2014

- 3.1 The internal audit performance targets for 2014/15 were set by the County Council's client officer. Progress against these performance targets, as at 31 October 2014, is detailed in **Appendix 1**.
- 3.2 Work is ongoing to complete the agreed programme of work. It is anticipated that the 93% target for the year will be exceeded by the end of April 2015 (the cut off point for 2014/15 audits). **Appendix 2** provides details of the final reports issued in the period. A further 10 audit reports have been issued but are still in draft.

Contingency and Counter Fraud Work

- 3.3 Veritau continues to handle cases of suspected fraud or malpractice. Such assignments are carried out in response to issues raised by staff or members of the public via the Whistleblower Hotline, or as a result of management raising concerns. Since the start of the current financial year, 18 cases of suspected fraud or malpractice have been referred to Veritau for investigation, 9 of which were internal, 6 social care and 3 external fraud cases.

Information Governance

- 3.4 Veritau's Information Governance Team (IGT) continues to handle a significant number of information requests submitted under the Freedom of Information and

Data Protection Acts. The number of FOI requests received continues to grow with a total of 796 requests received between 1 April and 31 October 2014 compared with 738 requests received during the corresponding period in 2013/14 (a 7.8% increase). The IGT is currently exceeding the performance response target of 95% for 2014/15 with 98.2% of requests so far being answered within the statutory 20 day deadline. The IGT also coordinates the County Council's subject access requests (excluding social care) and has received 32 such requests between 1 April and 31 October 2014 compared to 38 in the same period in 2013/14.

- 3.5 Veritau is also assisting with the implementation of the County Council's information governance framework. The Council's Corporate Information Governance Group (CIGG) continues to meet frequently to discuss policy development and implementation. The Head of Internal Audit attends these meetings and the Information Governance Manager works closely with the Directorate Information Governance Champions to implement the decisions made by CIGG. Encouraging progress continues to be made to address information governance matters at both a corporate and directorate level. Veritau auditors are also continuing with a programme of unannounced audit visits to County Council premises in order to assess staff awareness of the need to secure personal and sensitive information. The results of these compliance visits are reported back to CIGG and to the Audit Committee.

Variations to the 2014/15 Audit Plan

- 3.6 All proposed variations to the agreed Audit Plan arising as the result of emerging issues and/or requests from directorates are subject to a Change Control process. Where the variation exceeds 5 days then the change must be authorised by the client officer. Any significant variations will then be communicated to the Audit Committee for information. The following variations have been authorised since 1 April 2014:

One Council post implementation review	+30 days
Information security compliance checks	+15 days
Serious data security breaches (contingency)	+15 days
Contract management arrangements	+30 days
Data quality (additional time allocation)	+15 days
Local Enterprise Partnership (additional time allocation)	+10 days
Waste management (additional time allocation)	+5 days
Care home visits (additional time allocation)	+5 days
Contingency	-35 days
 Net change to plan	 +90 days

Follow Up of Agreed Actions

- 3.7 Veritau follow up all agreed actions on a regular basis, taking account of the timescales previously agreed with management for implementation. On the basis of the follow up work undertaken during the year to date, 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.

3.8 A new escalation procedure has now been introduced to formalise the reporting process in the event that agreed actions are not implemented. A copy of the escalation procedure is attached at **Appendix 3** for information. Further details of follow up work will be reported to this Committee every six months (in March and September).

4.0 **AUDIT CHARTER**

4.1 The Audit Charter was approved by this Committee in December 2013. A review of the Charter has now been completed and a minor change is considered necessary to clarify the fact that auditors will not be assigned to review areas where they have had any direct operational or managerial involvement within the last year. A copy of the revised Charter with the tracked changes showing is attached at **Appendix 4**.

5.0 **AUDIT OPINIONS**

5.1 The standard internal audit report format has been reviewed and a number of changes made. The changes are relatively minor but include adopting 'reasonable' assurance instead of 'moderate' assurance as part of the ranking of opinions. The number and definition of the opinions otherwise remains unchanged. The change to the opinion is considered necessary to more closely reflect the wording of the definition and to avoid possible misinterpretation.

6.0 **RECOMMENDATION**

6.1 Members are asked to:

- a) note the progress made in delivering the 2014/15 Internal Audit programme of work and the variations agreed by the client officer;
- b) approve the proposed changes to the Audit Charter;
- c) note the planned change to audit opinions.

Report prepared and presented by Max Thomas, Head of Internal Audit

Max Thomas
Head of Internal Audit
Veritau Limited
County Hall
Northallerton

18 November 2014

Background Documents: Relevant audit reports kept by Veritau at 50 South Parade, Northallerton.

PROGRESS AGAINST 2014/15 PERFORMANCE TARGETS (AS AT 31/10/2014)

<i>Indicator</i>	<i>Milestone</i>	<i>Position at 31/10/2014</i>
To deliver 93% of the agreed Internal Audit Plan.	93% by 30/4/15	27.45%
To achieve a positive customer satisfaction rating of 95%	95% by 31/3/15	100%
To ensure 95% of Priority 1 recommendations made are agreed.	95% by 31/3/15	100%
To ensure 95% of FOI requests are answered within the Statutory deadline of 20 working days.	95% by 31/3/15	98.24%

FINAL 2014/15 AUDIT REPORTS ISSUED TO DATE

Audit Area	Directorate	Overall Opinion
Local Transport Body	BES	High assurance
Framework agreements	Contract	Substantial assurance
Information security compliance (Ryedale House)	Corporate	Moderate assurance
Information security compliance (Manor Road)	Corporate	Limited assurance
Information security compliance (Sandpiper House)	Corporate	Moderate assurance
Information security compliance (Dean Road)	Corporate	High assurance
Information security compliance (Crayke House)	Corporate	Substantial assurance
Moorside Junior School	CYPS	Substantial assurance
Children and families establishment (Woodleigh)	CYPS	High assurance
Beck House / Nidderdale Children's Resource Centre	CYPS	N/A ¹
Care home visit (Meadow Lodge)	HAS	Substantial assurance
Care home visit (Skell Lodge)	HAS	Substantial assurance
Care home visit (Westfield, Killinghall)	HAS	Substantial assurance
Care home visit (Sabre Court, Scarborough)	HAS	High assurance
Care home visit (Beanlands, Glusburn)	HAS	High assurance
Care home visit (Spring Cottage, Norton)	HAS	Substantial assurance
Care home visit (Nydsley, Pately Bridge)	HAS	High assurance
Care home visit (The Holt, Hutton Buscel)	HAS	High assurance
Care home visits – composite report	HAS	N/A
Lagan CRM – general IT controls	ICT	Moderate assurance

Note 1 – review of petty cash arrangements

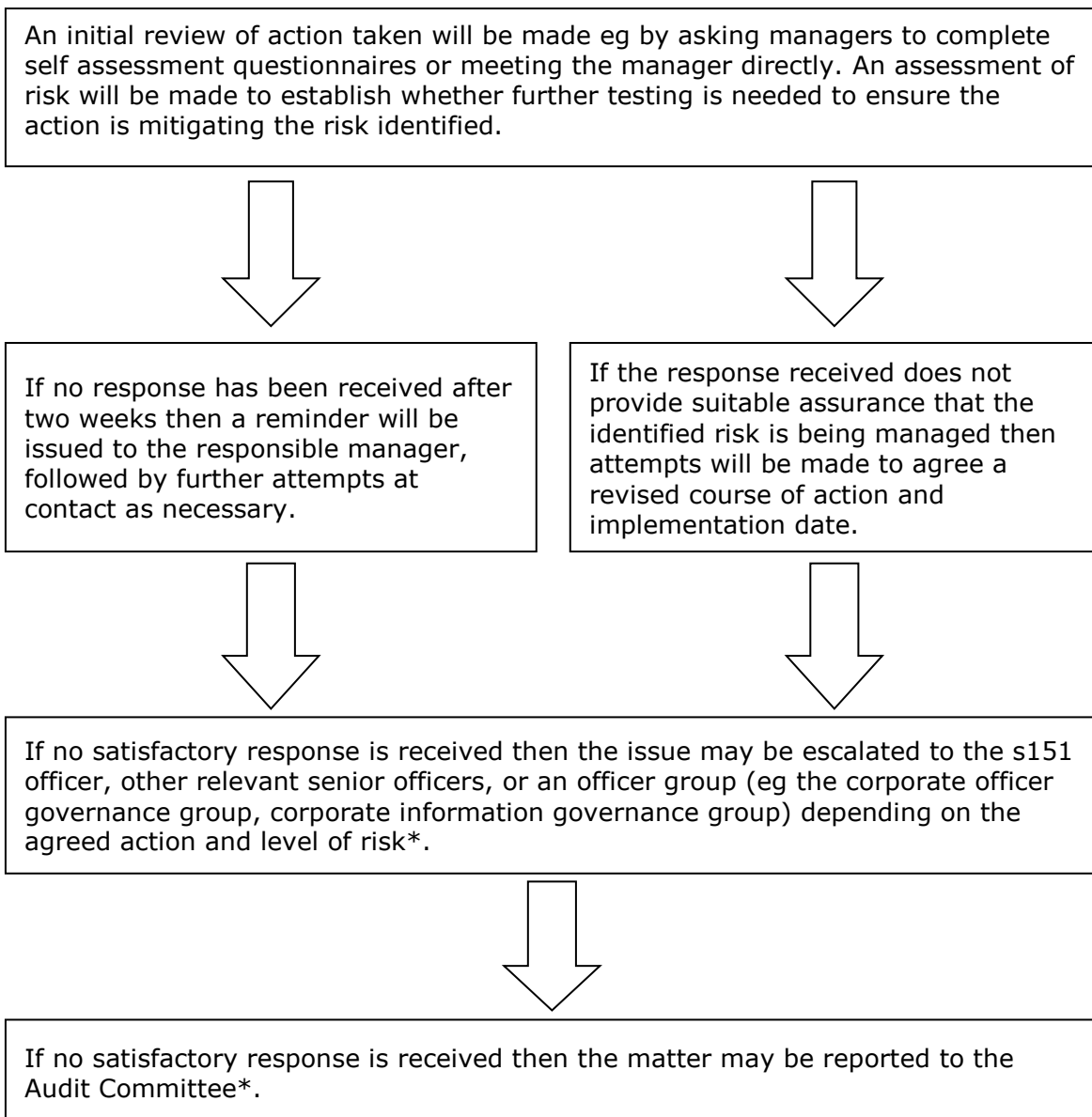
North Yorkshire County Council

Internal Audit – Follow Up and Escalation Procedure

Where internal audit work identifies an issue, actions are agreed with the service to address the problem. A date for action to be taken is also agreed.

The agreed actions are followed up by internal audit when the agreed date is reached. This will normally entail asking responsible officers to complete follow up questionnaires and reviewing the results to assess further work needed. Other follow up work may include review as part of subsequent audits and separate follow up audits.

Where no action has been taken, or the action isn't suitable then the issue will be escalated in accordance with the process set out in below.



* Decisions on whether to escalate an issue will be taken by the Head of Internal Audit in consultation with the s151 officer.

APPENDIX 4

North Yorkshire County Council Internal Audit Charter

5 December 201~~4~~³

1 Introduction

- 1.1 There is a statutory duty on the County Council to maintain an adequate and effective internal audit of its accounting records and of its system of internal control. The Accounts and Audit (England) Regulations 2011 also require that internal audit is undertaken in accordance with proper practices. The Chartered Institute of Public Finance and Accountancy (CIPFA) is responsible for setting standards for proper practice for local government internal audit in England.
- 1.2 From 1 April 2013 CIPFA adopted new Public Sector Internal Audit Standards (PSIAS)¹ compliant with the Institute of Internal Auditors' (IIA) International Standards. The PSIAS and CIPFA's local government application note for the standards represent proper practice for internal audit in local government. This charter sets out how internal audit at North Yorkshire County Council will be provided in accordance with this proper practice.
- 1.3 This charter should be read in the context of the wider legal and policy framework which sets requirements and standards for internal audit, including the Accounts and Audit Regulations, the PSIAS and application note, and the County Council's constitution, regulations and governance arrangements.

2 Definitions

- 2.1 The standards include reference to the roles and responsibilities of the "board" and "senior management". Each organisation is required to define these terms in the context of its own governance arrangements. For the purposes of the PSIAS these terms are defined as follows at the County Council.

"Board" – the Audit Committee fulfils the responsibilities of the board in relation to internal audit standards and activities.

"Senior Management" – in the majority of cases, the term senior management in the PSIAS should be taken to refer to the Corporate Director – Strategic Resources in his role as s151 officer. This includes all functions relating directly to overseeing the work of internal audit. In addition, senior management may also refer to the Chief Executive and/or any other Corporate Director (acting individually) or collectively as the County Council's Management Board in relation to:

- enabling direct and unrestricted access for reporting purposes
- consulting on risks affecting the County Council for audit planning purposes
- approving the release of information arising from audit work to any third party.

¹ The PSIAS were adopted jointly by relevant internal audit standard setters across the public sector.

2.2 The standards also refer to the “chief audit executive”. This is taken to be the Head of Internal Audit (Veritau).

3 Application of the standards

3.1 The PSIAS defines internal audit as follows.

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

3.2 The County Council acknowledges the mandatory nature of this definition and confirms that it reflects the purpose of internal audit. The County Council also requires that the service be undertaken in accordance with the code of ethics and standards set out in the PSIAS.

4 Scope of internal audit activities

4.1 The scope of internal audit work will encompass the County Council's entire control environment², comprising its systems of governance, risk management, and control.

4.2 The scope of audit work also extends to services provided through partnership arrangements, irrespective of what legal standing or particular form these may take. The Head of Internal Audit, in consultation with all relevant parties and taking account of audit risk assessment processes, will determine what work will be carried out by the internal audit service, and what reliance may be placed on the work of other auditors.

5 Responsibilities and objectives

5.1 The Head of Internal Audit is required to provide an annual report to the Audit Committee. The report will be used by the Committee to inform its consideration of the County Council’s annual governance statement. The report will include:

- the Head of Internal Audit’s opinion on the adequacy and effectiveness of the Council’s framework of governance, risk management, and control
- any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
- any particular control weakness judged to be relevant to the preparation of the annual governance statement

² For example the work of internal audit is not limited to the review of financial controls only.

- a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
- an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme
- a statement on conformance with the PSIAS.

5.2 To support the opinion the Head of Internal Audit will ensure that an appropriate programme of audit work is undertaken. In determining what work to undertake the service should:

- adopt an overall strategy setting out how the service will be delivered in accordance with this Charter
- draw up an indicative risk based audit plan on an annual basis which takes account of the requirements of the Charter, the strategy, and proper practice.

5.3 In undertaking this work, the responsibilities of the internal audit service will include:

- providing assurance to the board and senior management on the effective operation of governance arrangements and the internal control environment operating at the County Council
- objectively examining, evaluating and reporting on the probity, legality and value for money of the Council's arrangements for service delivery
- reviewing the Council's financial arrangements to ensure that proper accounting controls, systems and procedures are maintained and, where necessary, for making recommendations for improvement
- helping to secure the effective operation of proper controls to minimise the risk of loss, the inefficient use of resources and the potential for fraud and other wrongdoing
- acting as a means of deterring all fraudulent activity, corruption and other wrongdoing; this includes conducting investigations into matters referred by Members, officers, and the public and reporting findings of those investigations to the relevant officers and Members as appropriate for action
- advising the Council on relevant counter fraud and corruption policies and measures.

5.4 The Head of Internal Audit will ensure that the service is provided in accordance with proper practice as set out above and in accordance with any other relevant standards – for example County Council policy and/or legal or professional standards and guidance.

5.5 In undertaking their work, internal auditors should have regard to:

- the code of ethics in the PSIAS³
- the codes of any professional bodies of which they are members
- standards of conduct expected by the County Council
- the Committee on Standards in Public Life's *Seven Principles of Public Life*.

6 Organisational independence

6.1 It is the responsibility of corporate directors to maintain effective systems of risk management, internal control, and governance. Auditors will have no responsibility for the implementation or operation of systems of control and will remain sufficiently independent of the activities audited to enable them to exercise objective professional judgement.

6.2 Audit advice and recommendations will be made without prejudice to the rights of internal audit to review and make further recommendations on relevant policies, procedures, controls and operations at a later date.

6.3 The Head of Internal Audit will put in place measures to ensure that individual auditors remain independent of areas they are auditing for example by:

- rotation of audit staff
- ensuring staff are not involved in auditing areas where they have recently been involved in operational management, or in providing consultancy and advice⁴
- seeking external oversight of any audit of functional activities managed by the Head of Internal Audit through Veritau client management arrangements.

7 Accountability, reporting lines, and relationships

7.1 Internal audit services are provided under contract to the Council by Veritau Limited. The company is a separate legal entity. Staff undertaking internal audit work will be employed by Veritau or another Veritau group company. Staff may also be seconded to Veritau from the County Council. The Corporate Director – Strategic Resources acts as client officer for the contract, and is responsible for overall monitoring of the service.

7.2 In its role in providing an independent assurance function, Veritau has direct access to Members and senior managers and can report uncensored to them as considered necessary. Such reports may be made to the:

³ Veritau has adopted its own code of ethics which fulfil the requirements of the PSIAS.

⁴ auditors will not be used on internal audit engagements where they have had direct involvement in the area within the previous 12 months

- Council, Executive, or any committee (including the Audit Committee)
- Chief Executive
- Corporate Director – Strategic Resources (s151 officer)
- Monitoring Officer
- Any other corporate director and/or service manager.

7.3 The Corporate Director – Strategic Resources (as s151 officer) has a statutory responsibility for ensuring that the County Council has an effective system of internal audit in place. In recognition of this, a protocol has been drawn up setting out the relationship between internal audit and the Corporate Director – Strategic Resources. This is included in Annex 1.

7.4 The Head of Internal Audit will report independently to the Audit Committee⁵ on:

- proposed allocations of audit resources
- any significant risks and control issues identified through audit work
- his/her annual opinion on the Council's control environment.

7.5 The Head of Internal Audit will informally meet in private with members of the Audit Committee, or the committee as a whole as required. Meetings may be requested by committee members or the Head of Internal Audit.

7.6 The Audit Committee will oversee (but not direct) the work of internal audit. This includes commenting on the scope of internal audit work and approving the annual audit plan. The committee will also protect and promote the independence and rights of internal audit to enable it to conduct its work and report on its findings as necessary⁶.

8 Fraud and consultancy services

8.1 The primary role of internal audit is to provide assurance services to the County Council. However, the service may also be required to undertake fraud investigation and other consultancy work to add value and help improve governance, risk management and control arrangements.

8.2 The prevention and detection of fraud and corruption is the responsibility of management. However, all instances of suspected fraud and corruption should be notified to the Head of Internal Audit, who will decide on the course of action to be taken in consultation with the relevant corporate director and/or other

⁵ The committee charged with overall responsibility for governance at the county council.

⁶ The relationship between internal audit and the Audit Committee is set out in more detail in Annex 2.

advisors (for example human resources). Where appropriate, cases of suspected fraud or corruption will be investigated by Veritau.

- 8.3 Where appropriate, Veritau may carry out other consultancy related work, for example specific studies to assess the economy, efficiency, and effectiveness of elements of service provision. The scope of such work will be determined in conjunction with the relevant corporate directors and/or service managers. Such work will only be carried out where there are sufficient resources and skills within Veritau and where the work will not compromise the assurance role or the independence of internal audit. Details of all significant consultancy assignments completed in the year will be reported to the Audit Committee.

9 Resourcing

- 9.1 As part of the audit planning process the Head of Internal Audit will review the resources available to internal audit, to ensure that they are sufficient to meet the requirements to provide an opinion on the County Council's control environment. Where resources are judged to be insufficient, recommendations to address the shortfall will be made to the Corporate Director – Strategic Resources and to the Audit Committee.

10 Rights of access

- 10.1 To enable it to fulfil its responsibilities, the County Council gives internal auditors employed by Veritau the authority to:
- enter all Council premises or land, at any reasonable time
 - have access to all data, records, documents, correspondence, or other information - in whatever form - relating to the activities of the Council
 - have access to any assets of the Council and to require any employee of the Council to produce any assets under their control
 - be able to require from any employee or Member of the Council any information or explanation necessary for the purposes of audit.
- 10.2 Corporate directors and service managers are responsible for ensuring that the rights of Veritau staff to access premises, records, and personnel are preserved, including where the County Council's services are provided through partnership arrangements, contracts or other means.

11 Review

- 11.1 This charter will be reviewed periodically by the Head of Internal Audit. Any recommendations for change will be made to the Corporate Director – Strategic Resources and the Audit Committee, for approval.

**Relationship between the Corporate Director – Strategic Resources
(the s151 Officer) and internal audit**

- 1 In recognition of the statutory duties of the Council's Corporate Director – Strategic Resources (the Corporate Director) for internal audit, this protocol has been adopted to form the basis for a sound and effective working relationship between the Corporate Director and internal audit.
- (i) The Head of Internal Audit (HoIA) will seek to maintain a positive and effective working relationship with the Corporate Director.
 - (ii) Internal audit will review the effectiveness of the Council's systems of control, governance, and risk management and report its findings to the Corporate Director (in addition to the Audit Committee).
 - (iii) The Corporate Director will be asked to comment on those elements of internal audit's programme of work that relate to the discharge of his/her statutory duties. In devising the annual audit plan and in carrying out internal audit work, the HoIA will give full regard to the comments of the Corporate Director.
 - (iv) The HoIA will notify the Corporate Director of any matter that in the HoIA's professional judgement may have implications for the Corporate Director in discharging his/her s151 responsibilities.
 - (v) The Corporate Director will notify the HoIA of any concerns that he/she may have about control, governance, or suspected fraud and corruption and may require internal audit to undertake further investigation or review.
 - (vi) The HoIA will be responsible for ensuring that internal audit is provided in accordance with proper practice.
 - (vii) If the HoIA identifies any shortfall in resources which may jeopardise the ability to provide an opinion on the County Council's control environment, then he/she will make representations to the Corporate Director, as well as to the Audit Committee.
 - (viii) The Corporate Director will protect and promote the independence and rights of internal audit to enable it to conduct its work effectively and to report as necessary.

Relationship between the Audit Committee and internal audit

- 1 The Audit Committee plays a key role in ensuring that the County Council maintains a robust internal audit service and it is therefore essential that there is an effective working relationship between the Committee and internal audit. This protocol sets out some of the key responsibilities of internal audit and the Committee.
- 2 The Audit Committee will seek to:
 - (i) raise awareness of key aspects of good governance across the County Council, including the role of internal audit and risk management
 - (ii) ensure that adequate resources are provided by the County Council so as to ensure that internal audit can satisfactorily discharge its responsibilities
 - (iii) protect and promote the independence and rights of internal audit to conduct its work properly and to report on its findings as necessary.
- 3 Specific responsibilities in respect of internal audit include the following.
 - (i) Oversight of, and involvement in, decisions relating to how internal audit is provided.
 - (ii) Approval of the internal audit charter.
 - (iii) Consideration of the annual report and opinion of the Head of Internal Audit (HoIA) on the County Council's control environment.
 - (iv) Consideration of other specific reports detailing the outcomes of internal audit work.
 - (v) Consideration of reports dealing with the performance of internal audit and the results of its quality assurance and improvement programme.
 - (vi) Consideration of reports on the implementation of actions agreed as a result of audit work and outstanding actions escalated to the Committee in accordance with the approved escalation policy.
 - (vii) Approval (but not direction) of the annual internal audit plan.
- 4 In relation to the Audit Committee, the HoIA will:
 - (i) attend its meetings and contribute to the agenda
 - (ii) ensure that overall internal audit objectives, workplans, and performance are communicated to, and understood by, the Committee
 - (iii) provide an annual summary of internal audit work in accordance with the agreed work programme of the Committee, and an opinion on the

Annex 2

Council's control environment, including details of unmitigated risks or other issues that need to be considered by the Committee

- (iv) establish whether anything arising from the work of the Committee requires changes to the audit plan or vice versa
 - (v) highlight any shortfall in the resources available to internal audit and to make recommendations to address these to the Committee
 - (vi) report any significant risks or control issues identified through audit work which the HoIA feels necessary to specifically report to the Committee
 - (vii) participate in the Committee's review of its own remit and effectiveness
 - (viii) consult with the board on how external assessment of the internal audit service will be conducted (required once every five years).
- 5 The HoIA will informally meet in private with members of the Audit Committee, or the committee as a whole as required. Meetings may be requested by committee members or the HoIA.

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

4 December 2014

RISK MANAGEMENT – PROGRESS REPORT

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To consider an updated Risk Management Policy
- 1.2 To receive details of the updated Corporate Risk Register.
- 1.3 To receive details of the recent outcome of the Casualty (Liability) Insurance and Claims Handling Tenders

2.0 BACKGROUND

- 2.1 According to the Terms of Reference of the Audit Committee, its role in risk management is:
 - (i) to assess the effectiveness of the authority's risk management arrangements and
 - (ii) to review progress on the implementation of risk management throughout the authority.
- 2.2 Following a recommendation by this Committee, the County Council formally approved a revised Corporate Risk Management Policy on 18 July 2012 with a provision that it will be reviewed and updated every two years.
- 2.3 Regular reports to this Committee therefore cover the implementation of the Policy and associated Strategy as well as other related risk management matters in order to fulfill this role.

3.0 RISK MANAGEMENT POLICY AND STRATEGY

- 3.1 The biennial update of the Corporate Risk Management Policy and Strategy is presently underway. There has been no further relevant guidance or updates since July 2012 when the **BS ISO 31000:2009 Risk Management – Principle and guidelines** document was used to carry out the last review. There have therefore only been minor amendments made to the Policy so that it links to the updated Council Plan and the vision and objectives of 2020 North Yorkshire.
- 3.2 The Committee is therefore asked to consider the updated Corporate Risk Management Policy- a “tracked changes” copy is attached at **Appendix A**. Under specific delegations in the Constitution, where there are only minor changes, the

Corporate Director - Strategic Resources can refer the Policy to the Chief Executive, in consultation with the Leader of the Council and the Executive Member for Central Services to approve the changes to the Policy. There is no requirement for the document to go to Executive and full Council.

3.3 The Strategy is in the process of being reviewed in the light of the recent Risk Management Audit report, and also taking into account the wider considerations such as present best practice and 2020 North Yorkshire.

3.4 Dependent on the significance of the changes made to the Strategy, it may be appropriate to bring the final draft Strategy to this Committee for consideration.

4.0 **CORPORATE RISK REGISTER**

4.1 The Corporate Risk Register (CRR) is fully reviewed every year and updated by the Chief Executive and Management Board in September/October. A six monthly review is then carried out in April.

4.2 An annual update of the Corporate Risk Register was carried out in November – see attached at **Appendix B**. This involved reviewing the risks, risk controls, risk reductions and risk rankings that had been identified for each of the risks and making amendments to the Register where necessary.

4.3 The significant amendments that were made to the register are as follows:

New risks

- Information Governance
- Educational Outcomes
- .Safeguarding Arrangements
- Preparedness for the Implementation of the Care Act

Deleted risks

- Inspection Outcomes
- Superfast North Yorkshire
- Schools Organisation Place Planning and Funding

Significantly Changed Risks

- Economic Development and Opportunities for Devolution in North Yorkshire – this has had the 'devolution factor' added this year

The rankings of all the remaining risks remained the same apart from Performance Management which has increased. (as shown on the summary in the left hand column of **Appendix B**). However please see the table at the bottom of **Appendix B** for an explanation of the left hand column.

4.4 To assist Members interpret **Appendix B**

- Risks are identified by Management Board during a preparation meeting and workshop
- Each risk has then to be ranked based on the following:

- existing risk controls in place
 - probability of the risk occurring (based on existing controls)
 - impact of the risk occurring (based on existing controls)
 - further risk controls which may reduce current probability or impact
- The prioritisation system follows a fairly traditional risk evaluation approach in that the **probability** and **severity** of risks is measured using High, Medium and Low categories
- However, to facilitate the assessment of the severity of each risk this is done in relation to 4 distinct **impact areas**:-
- failure to meet key **service** objectives and standards – reflecting current service plans
 - **financial** impact
 - **service** delivery
 - loss of image or **reputation**

As each risk is ranked with reference to current controls and then future controls, the risk prioritisation system can compute a “score” in the range of 1 to 5

- 1 and 2 being a ‘red’ risk
- 3 and 4 being an ‘amber’ risk and
- 5 being a ‘green’ risk

One of the key things to look for in the Register is the movement of the score (described as Classification in **Appendix B**) as between the ‘Pre’ (i.e. present stage) and ‘Post’ (i.e. after risk mitigations are in place). For certain risks, however, this does not change as the risk mitigations cannot prevent the event (e.g. severe flood) but can address/reduce its impact. Also, if a risk has been carried over from a previous year it is interesting to note whether the risk has improved/worsened since that time (see left hand column on **Appendix B**).

4.5 As previously mentioned, the Corporate Risk Register is the culmination of the identification of key significant risks that are identified at Directorate and Service levels. It is apparent that there is an increased number of risks / content identified at corporate level. This is a reflection of the current environment including financial pressures and other external factors.

5.0 TENDER FOR CASUALTY (LIABILITY) INSURANCES

5.1 The annual insurance renewals for the County Council take place on 1 October 2014. A full tender exercise has been carried out this year for Casualty (Liability including Public Liability, Employers’ Liability, Professional Indemnity) Insurance. This was due to the Council’s previous insurers Travelers, notifying all Local Authorities that they were breaking all Long Term Agreements and increasing premiums in respect of

Public Liability. The insurers advised that this decision was due to a significant deterioration in the Public Liability claims experience for all Local Authorities.

5.2 Various explanations for the deterioration in their claims experience over recent years include:

- an increase in the value of serious injury claims, due to improvement in medical care;
- an increase in the number of abuse claims and
- an increase in legal costs.

In light of the above the Council decided to tender for all Liability insurances and claims handling for a two year period from 1st October 2014.

5.3 The outcome of the tender is that the Council's Liability Insurers is now QBE (Europe) Insurance Limited, which is arranged via a company called Risk Management Partners. When taking into account the additional funds that would need to be paid into the internal insurance fund which pays for claims within the excess, the most economical excess level was found to be £250,000 (this was previously £100,000).

5.4 Finally, in conjunction with the above, the Council also had to tender for Liability claims handlers for a two year period. The new claims handlers are a company called Gallagher Bassett who will deal with all claims occurring from 1st October 2014.

6.0 RECOMMENDATIONS

That the Committee:

- (i) recommends the updated Corporate Risk Management Policy (**Appendix A**) to the Chief Executive and Leader for approval.
- (ii) notes the updated Corporate Risk Register (**Appendix B**).
- (iii) notes the recent outcome of the Casualty (Liability) Insurance and Claims Handling Tenders.

GARY FIELDING
Corporate Director – Strategic Resources

County Hall
Northallerton

November 2014

Author of report: Fiona Sowerby, Corporate Risk and Insurance Manager
Tel 01609 532400

Background papers: None

NORTH YORKSHIRE COUNTY COUNCIL

**CORPORATE RISK MANAGEMENT
POLICY**

DRAFT v1

April 20122014

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CORPORATE RISK MANAGEMENT POLICY

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- 7.0 Responsibilities
- 8.0 Review

CORPORATE RISK MANAGEMENT POLICY

1.0 Introduction

1.1 The Vision of the County Council is that ~~“We want North Yorkshire to be an even better place for everyone to live, work or visit”~~We want North Yorkshire to be a thriving county which adapts to a changing world and remains a special place for everyone to live, work and visit”.

To lead the achievement of our Vision we aim to:

- ~~→ ensure good access for all~~
- ~~→ help people to live in safe communities~~
- ~~→ help all children and young people to develop their full potential~~
- ~~→ promote a flourishing economy~~
- ~~→ maintain and enhance our environment and heritage, and~~
- ~~→ improve health and wellbeing and give people effective support when they need it.~~
- ~~→ ensure that the key issues for people and places in North Yorkshire are identified and understood.~~
- ~~→ ensure that there are strategies, developed with communities and partners, in place to tackle these.~~

To enable individuals, families and communities to do the best for themselves we aim to:

- ~~→ support empowered and vibrant communities to provide a range of services for local people that fully utilise all local assets, prevent loneliness and troubled families, and contribute to healthier lifestyles.~~
- ~~→ provide self service facilities and ready access to relevant information and signposting – enabling customers to access information, check eligibility, carry out a self-assessment, make appointments, make online payments, and request simple services themselves.~~

We also aim to ensure the delivery of:

- ~~→ services to the most vulnerable people.~~
- ~~→ high priority services that enable a thriving county.~~

1.2 Risk, uncertainty and change create a challenging dynamic as the County Council strives to meet these objectives. Risks, whether recognised or unforeseen, create a threat to achieving performance targets and change. This may result, for example, in ~~delays to service delivery or~~ reductions in service quality or delay in project delivery. Uncertainty and change, when considered thoroughly however, can also provide the opportunity to introduce new, innovative and effective ways of delivering services and act as the catalyst for developing services with better outcomes and fewer risks for our staff and our local communities.

- 1.3 Risk Management is integral to all aspects of our innovation and service delivery as well as the management of all our staff, physical assets and financial resources. As such it is reflected in all Council policies, new initiatives and Service Plans where appropriate.
- 1.4 This Risk Management Policy has been developed jointly by the Management Board, the Leader of the Council and the Executive.
- 1.5 Implementation of this Risk Management Policy and associated management systems contributes to improving our corporate and best value performance protecting and modernising frontline services during this period of austerity and great change.
- 2.0 **Definition of Risk and Enterprise Risk Management**
- 2.1 **Risk** is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event.
- 2.2 Enterprise **Risk Management** is the approach to managing all of the County Council's key service risks and opportunities with the intent of maximising stakeholder values service delivery effectiveness and efficiency.
- 3.0 **Principles**
- 3.1 For risk management (RM) to be effective the County Council will aspire to the following principles:
- ➔ RM **creates and protects value** – we will ensure that RM contributes to the demonstrable achievement of our objectives and improvement of our performance such as human health and safety, security, project management, efficiency in operations, governance and reputation.
 - ➔ RM is an **integral part of all organisational processes** – we will ensure that RM is part of the responsibilities of our management and part of our activities and processes including strategic planning, and all project and change management.
 - ➔ RM is **part of decision making** – we will ensure that RM helps our decision makers make informed choices, prioritise actions and distinguish among alternative courses of action.
 - ➔ RM explicitly **addresses uncertainty** – we will ensure that RM takes account of uncertainty, the nature of that uncertainty and how it can be addressed, including the fact that some risks can never be eliminated.
 - ➔ RM is **systematic, structured and timely** – we will ensure that RM contributes to our efficiency and to consistent, comparable and reliable results.
 - ➔ RM is **based on the best available information** – we will ensure that the inputs to the process of managing risk are based on reliable information but will always take into account any limitations of data or modelling or the possibility of divergence of opinions.

- RM is **tailored** – we will ensure that we reflect the contemporary situation in our risk management arrangements.
- RM **takes human and cultural factors into account** – we will ensure that we recognise the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of our objectives.
- RM is **transparent and inclusive** – we will ensure the appropriate and timely involvement of stakeholders and, in particular, decision makers at all levels of the County Council, in order that RM remains relevant and up to date.
- RM is **dynamic, iterative and responsive to change** – we will ensure that risk management continually anticipates and responds to change, including ensuring that the process used is not burdensome and/or overly bureaucratic.
- RM **facilitates continual improvement** of the County Council – we will develop and implement processes to improve our risk management maturity alongside all other aspects of the County Council.
- RM will be **adequately resourced** – we will ensure that the necessary resources are in place in order to deliver excellent risk management.

4.0 Objectives

4.1 The objectives of this Risk Management Policy are to:

- continue to embed risk management into the culture of the County Council
- manage risk in accordance with best practice and support well considered risk taking
- anticipate and respond to changing social, environmental and legislative requirements
- minimise loss, disruption, damage and injury and reduce the cost of risk, thereby maximising the resources available for service delivery
- inform policy and operational decisions by identifying risks and their likely impact
- continue to raise awareness of the need for risk management by all those involved with the delivery of County Council services

4.2 These objectives will be achieved by:

- establishing clear roles, responsibilities and reporting lines for risk management throughout the County Council
- providing opportunities for shared learning on risk management across the County Council
- providing risk management training and awareness sessions
- using a consistent methodology to develop, monitor and review Risk Registers
- incorporating risk management considerations into the County Council's management processes (eg business planning, project management, service reviews) and decision making (eg Executive reports)
- effective communication with, and the active involvement of, staff
- effective communication with, and the active involvement of partners
- monitoring arrangements on an on-going basis

- operating a Corporate Risk Management Group, led by a Corporate Director, that will be proactive in implementing and developing all the above
- delivering a Corporate Risk Management Strategy that is consistent with, and embedded within, the County Council's overall strategic policies and practices.

5.0 Benefits

5.1 We expect that when the above principles and objectives are being met that the following benefits will be realised:

- strengthened ability to deliver against objectives and targets
- improved stakeholder confidence and trust
- an established and reliable basis for decision making and improved governance
- assurance to Members and management on the adequacy of arrangements for the conduct of business and use of resources
- improved operational effectiveness and efficiencies including a reduction in interruptions to service delivery
- reduction in management time spent dealing with the consequences of a risk event having occurred
- improved health and safety of those employed, and those affected, by the County Council's undertakings
- ability to be more flexible and responsive to new pressures and external demands
- avoids surprises and minimises loss and waste
- better informed financial decision-making
- enhanced financial control
- reduction in the financial costs associated with losses due to service interruptions, litigation, etc
- reduce, or maintain constant levels of, insurance premiums
- minimal service disruption to customers and a positive external image as a result of all of the above

6.0 Framework and Process

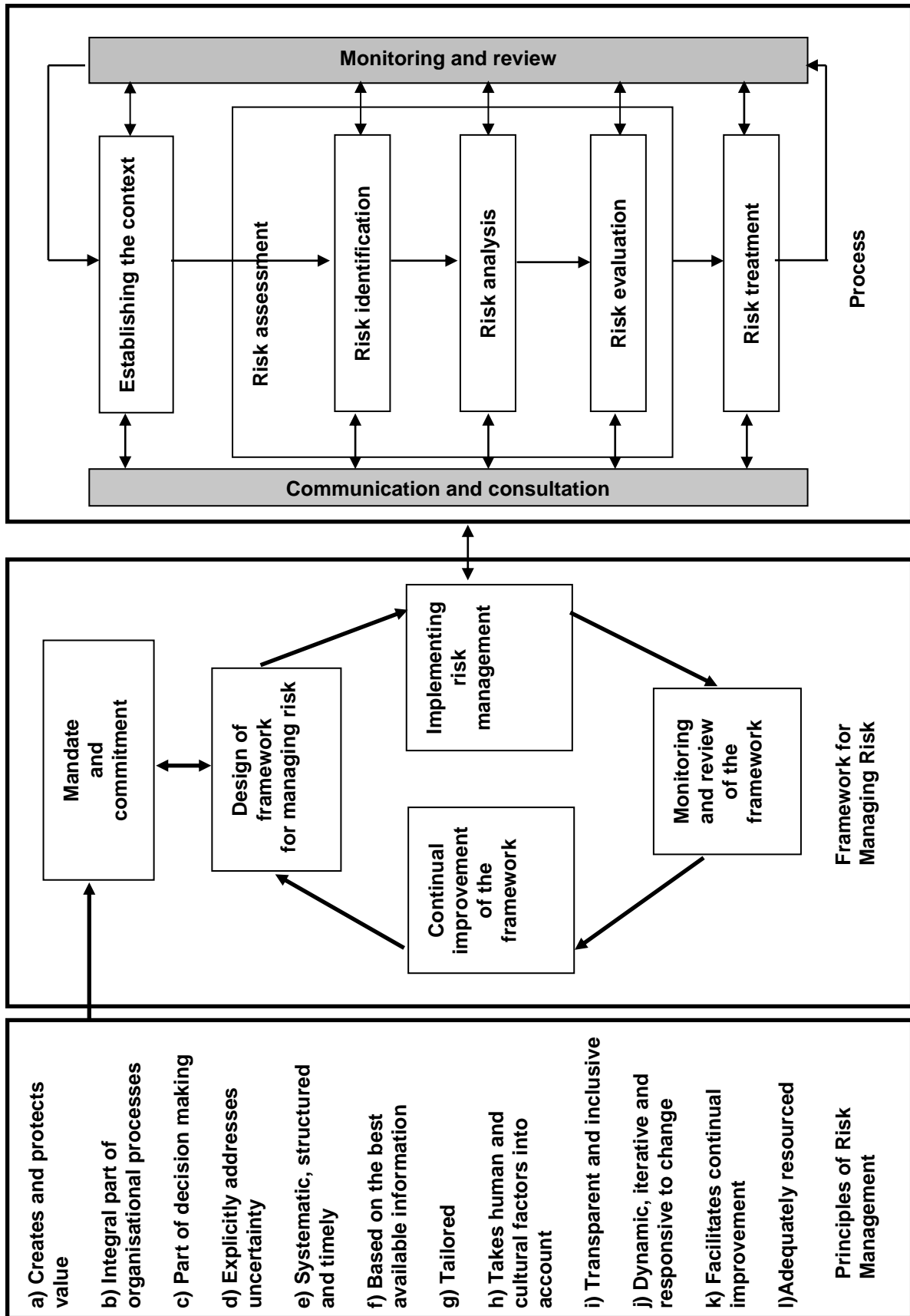
6.1 In order to aspire to the Principles referred to in this Policy (see Section 3) it is necessary to have a conceptual Framework for Risk Management from which a Risk Management Process can be developed. The relationship between these three components is shown diagrammatically in **Appendix A**.

6.2 Details of the Framework and the consequential Process are provided in the Risk Management Strategy.

7.0 Responsibilities

- 7.1 The County Council accepts and recognises that it is the responsibility of all Members and staff to have regard for risk in carrying out their duties. If left unidentified and therefore uncontrolled, risk can result in a drain on resources that would better be directed to front line service provision, and to the meeting of the County Council objectives and community needs.
- 7.2 The Chief Executive, Corporate Directors, Service Heads and all line managers have the responsibility and accountability for managing the risks within their own work areas. All staff have a duty to work safely, avoid unnecessary waste of resources and contribute to risk management initiatives in their own area of activities. The co-operation and commitment of all staff is required to ensure that County Council resources are not squandered as a result of uncontrolled risk.
- 7.3 This Policy has the full support of the County Council which recognises that any reduction in injury, illness, loss or damage ultimately benefits the whole community of North Yorkshire.
- 8.0 **Review**
- 8.1 This Policy and other supporting documents such as the Risk Management Strategy will be reviewed at least every ~~two~~three years.

Relationships between Risk Management Principles, Framework and Process



Corporate Risk Register

Appendix B

Risk Register: **month 0 (Oct 2014) – summary**

Report Date: 19th November 2014 (cpc)

Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
- new -	20/187 - Information Governance	Ineffective information governance arrangements lead to unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies resulting in loss of reputation, poor decision making, fine, etc	Chief Exec	CD SR	H	M	M	M	H	1	7	31/12/2014	M	M	M	M	H	2	Y	CD SR
◀▶	20/47 - Joint Planning and Delivery with the NHS	Inability, in the context of the changing NHS landscape, to develop effective partnerships with NHS Commissioners and other NHS organisations to ensure better health outcomes for adults, children and young people and local communities resulting in poorly integrated services and lost opportunities relating to joint commissioning and provision.	Chief Exec	CD HAS CD CYPS	H	M	H	M	M	1	19	31/03/2015	H	M	M	M	M	2	Y	CD HAS CD CYPS
◀▶	20/1 - Funding Challenges	Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade resulting in legal challenge, unbalanced budget and public dissatisfaction	Chief Exec	CD SR	H	H	H	H	H	1	5	28/02/2015	M	H	H	M	M	2	Y	All Mgt Board
- new -	20/190 - Preparedness for Implementation of the Care Act	Failure to prepare for the implementation of the new Care Act including the financial impact of the Dilnot proposals on lifetime charges, revised capital limit, portable assessment, increase in a number of clients requiring assessment for both care needs and finance leading to loss of reputation and under capacity	CD HAS	HAS AD ASCO	M	H	H	H	H	2	3	30/09/2014	M	H	H	H	H	2	Y	HAS AD ASCO
◀▶	20/207 - 2020 North Yorkshire Change Programme	Failure to adequately develop, plan for and commence implementation of new council ways of working resulting in inability to meet financial savings requirements, sub-optimal decision making and poorer quality of services.	Chief Exec	CSD SR AD T&C	M	H	H	H	H	2	10	31/03/2015	L	H	H	H	H	3	Y	All Mgt Board

Corporate Risk Register




Appendix B

Risk Register: **month 0 (Oct 2014) – summary**

Report Date: 19th November 2014 (cpc)

Identity			Person		Classification												Fallback Plan			
Change	Risk Title	Risk Description	Risk Owner	Risk Manager	Pre						RR		Post						FBPlan	Action Manager
					Prob	Obj	Fin	Serv	Rep	Cat	RRs	Next Action	Prob	Obj	Fin	Serv	Rep	Cat		
▲	20/49 - Organisational Performance Management	Council does not operate a true performance management framework leading to misalignment of activities and services with Council mission and objectives, poorer service delivery, public dissatisfaction, criticism, suboptimal working and lost opportunities and reduced ability to meet savings requirements	Chief Exec	CD SR	M	M	M	H	M	2	4	31/12/2014	L	M	M	H	M	3	Y	CD SR
◀▶	20/45 - Long Term Waste Service Strategy	Failure to deliver the long term waste service strategy	Chief Exec	CD BES	M	L	H	L	H	2	15	31/10/2014	L	L	H	L	H	3	Y	CD BES
- new -	20/189 - Safeguarding Arrangements	Failure to have a robust Safeguarding service in place results in risk to vulnerable children, adults and families and not protecting them from harm.	Chief Exec	CD HAS CD CYPS	M	H	H	M	H	2	12	31/10/2014	L	H	H	M	H	3	Y	CD CYPS CD HAS
- new -	20/188 - Educational Outcomes	Failure to ensure positive educational outcomes for children and young people together with appropriate support for schools to be good or outstanding results in lower achievement levels for pupils, and NY children's life chances being determined by geography or family circumstances rather than being in their own hands.	Chief Exec	CD CYPS	M	M	H	L	H	2	11	31/01/2015	L	M	H	L	H	3	Y	CD CYPS
- new -	20/334 - Economic Development and Opportunities for Devolution in North Yorkshire	Failure to develop the North Yorkshire economy and to capitalise on the opportunities for devolution resulting in reduced investment and impact on the growth and jobs across North Yorkshire.	Chief Exec	BES AD EPU	M	L	H	L	M	2	9	30/11/2014	M	L	M	L	L	4	Y	CD BES
◀▶	20/389 - Health and Safety	Major Corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution	Chief Exec	CD SR	L	M	M	M	H	3	6	31/12/2014	L	M	M	M	H	3	Y	CSD SR HoHSRM
◀▶	20/8 - Major Emergencies in the Community	Failure to plan, respond and recover effectively to major emergencies in the community resulting in risk to life and limb, impact on statutory responsibilities, impact on financial stability and reputation	Chief Exec	Chief Exec	L	L	H	L	H	3	3	31/12/2014	L	L	H	L	M	3	Y	Chief Exec

Risk Register: **month 0 (Oct 2014) – summary**
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Key	
	Risk Ranking has worsened since last review.
	Risk Ranking has improved since last review
	Risk Ranking is same as last review
- new -	New or significantly altered risk



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Appendix B

Risk Register: **month 0 (Oct 2014) – detailed**

Report Date: 19th November 2014 (cpc)

Phase 1 - Identification											
Risk Number	20/187	Risk Title	20/187 - Information Governance				Risk Owner	Chief Exec	Manager	CD SR	
Description	Ineffective information governance arrangements lead to unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies resulting in loss of reputation, poor decision making, fine, etc					Risk Group	Legislative	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures		Information Governance Strategy including the Policy and Procedure Framework; CIGG Action Plan; application of the Maturity model quality assurance methodology; data breach process; messages from senior management; on-line training; staff induction; information asset registers; DIGCs; posters; intranet information; regular monitoring of electronic communication by ICT; series of unannounced security compliance visits by internal audit; application of all the features of the Information Security Management System (ISMS); FoI – controls include central monitoring of receipt and progress, regular review by Veritau and review of outstanding cases by the Chief Exec on a monthly basis; proactive monitoring of all data; Records Management Policy & Strategy reviewed and revised; terms of reference reviewed; virtual group;						Effectiveness			
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	H	Category	1
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	15/175 - Continue to emphasise personal responsibility of staff for all information in this area and consider disciplinary action in cases of data breaches					CD SR CSD ACE BS	Tue-30-Jun-15		0%		
Reduction	15/176 - Internal audit to support investigation of significant data breaches. Reasons for significant data breaches to be considered by CIGG and lessons learnt to be cascaded to information asset owners.					Ho Int Audit	Tue-30-Sep-14	Tue-30-Sep-14	100%		
Reduction	15/177 - e-learning training packages to be refreshed					Ho Int Audit	Tue-31-Mar-15		0%		
Reduction	15/178 - Resolve issues around secure physical storage and internal transfer of information					CD SR	Tue-30-Sep-14	Tue-30-Sep-14	100%		
Reduction	15/179 - Review and revise the Data Sharing Framework					CSD ACE LDS	Wed-31-Dec-14		0%		
Reduction	15/231 - Produce the Non NYCC Network Access Policy					CSD SR AD T&C	Tue-30-Sep-14	Tue-30-Sep-14	100%		
Reduction	15/232 - Periodic internal review of achievement of the Information Governance Strategy Objectives - ongoing					Ho Int Audit	Tue-30-Jun-15		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	M	Services	M	Reputation	H	Category	2
Phase 5 - Fallback Plan											
						Action Manager					
Fallback Plan	15/514 - Review Action Plan and new technology and continue to raise awareness. Invite ICO to carry out an audit of NYCC IG systems						CD SR				



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Risk Register: month 0 (Oct 2014) – detailed

Report Date: 19th November 2014 (cpc)

Phase 1 - Identification											
Risk Number	20/47	Risk Title	20/47 - Joint Planning and Delivery with the NHS				Risk Owner	Chief Exec	Manager	CD HAS CD CYPS	
Description	Inability, in the context of the changing NHS landscape, to develop effective partnerships with NHS Commissioners and other NHS organisations to ensure better health outcomes for adults, children and young people and local communities resulting in poorly integrated services and lost opportunities relating to joint commissioning and provision.					Risk Group	Partnerships	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures	HAS: H & W Board and ICB; HASLT members on some CCG Boards; Engagement in local Partnership arrangements with CCGs and Providers; CHC review set up internally; Plans for use of the Better Care Fund; New Health & Wellbeing Strategy being developed CYPS: H&W Board; Children's Trust Board; Public Health team; CYPLT; Dir of partnership Commissioning; joint post of Commissioning Manager; joint post of Public Health analyst; CYPS Plan; Health and Well-being Strategy; JSNA						Effectiveness				
Probability	H	Objectives	M	Financial	H	Services	M	Reputation	M	Category	I
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	20/41 - Ensure S75 agreement signed by CCGs (HAS)					AD SR (HAS) & Proc	Wed-31-Dec-14	Fri-31-Oct-14	100%		
Reduction	20/57 - Ensure Better Care Fund plan signed and agreed with Government (HAS)					HAS AD Integration	Thu-30-Apr-15	Fri-31-Oct-14	100%		
Reduction	20/60 - Complete and implement the Governance Review of HWB and ICB (HAS)					HAS AD Integration	Thu-30-Apr-15		0%		
Reduction	20/245 - Complete CHC review (HAS)					HAS AD ASCO	Wed-30-Sep-15		0%		
Reduction	20/246 - Undertake review of management and operational delivery of social care mental health services (HAS)					HAS AD ASCO	Thu-30-Apr-15		0%		
Reduction	20/362 - Ensure NHS partners are fully aware of the democratic and political environment they are operating within (HAS)					CD HAS	Mon-31-Aug-15		0%		
Reduction	20/363 - Actively monitor relationships, priorities and communications and ensure that HAS managers are fully engaged at appropriate level and review at HAS WLT on a regular basis (HAS)					CD HAS	Mon-31-Aug-15		0%		
Reduction	20/386 - Develop a new Health and Well-being Strategy					CD HAS	Tue-30-Jun-15		0%		
Reduction	20/909 - Develop new model for working with CCGs to co-lead transformation joint priorities and transformation (HAS)					HAS AD Integration	Tue-30-Jun-15		0%		
Reduction	20/910 - Secure appropriate engagement with CCGs and PCU for commissioning that affect children and young people and their families (CYPS)					CYPS AD P&C Janet Probert	Tue-31-Mar-15		0%		
Reduction	20/967 - Ensure the arrangements for the joint commissioning of services for children with speech, language and communication needs are developed and in place (CYPS)					CD CYPS Janet Probert	Mon-31-Aug-15		0%		

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Risk Register: **month 0 (Oct 2014) – detailed**

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Reduction	20/1180 - Work closely with NHS England to ensure safe transfer of the 0 – 5 Healthy Child Programme contract. (CYPS)	Jt Comm Mgr Public Health Consultant	Wed-30- Sep-15		0%						
Reduction	20/1181 - Ensure that when the Health and Well-being Strategy is refreshed, children's health is a priority (CYPS)	CD CYPS	Tue-30- Jun-15		0%						
Reduction	20/1182 - Embed children's health priorities within the Health and Well-being Strategy and ensure strategic alignment between that strategy and the Children and Young People's Plan. (CYPS)	CD CYPS	Mon-31- Mar-14	Sun-31-Aug- 14	100%						
Reduction	20/1183 - Contribute to the delivery of the workplan for the Health and Well-being Board in relation to children's health priorities and ensure strategic decision making in Health is influenced through alignment with the JSNA and the Children and Young People's Plan (CYPS)	CD CYPS	Fri-31-Jul- 15		0%						
Reduction	20/1184 - Recommission services for 5 - 19 Healthy Child Programme to ensure close alignment with Preventative Services (CYPS)	Jt Comm Mgr Public Health Consultant	Tue-31- Mar-15		0%						
Reduction	20/1185 - Review children's health performance at the Children's Trust Board to monitor the impact of changes on children's health outcomes in North Yorkshire. (CYPS)	CD CYPS	Fri-31-Jul- 15		0%						
Reduction	20/1186 - Work with Public Health to embed Public Health outcomes into the work of CYPS (CYPS)	CD CYPS	Fri-31-Jul- 15		0%						
Reduction	20/1268 - Ensure CYPLT are fully briefed and up to date with the changing commissioning landscape and the different roles involved in that landscape (CYPS)	Jt Comm Mgr	Tue-31- Mar-15		0%						
Phase 4 - Post Risk Reduction Assessment											
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	M	Category	2
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	20/210 - Further engagement between Local Authority and NHS to decide effective plans going forward									CD HAS CD CYPS	

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Risk Register: **month 0 (Oct 2014) – detailed**

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Phase 1 - Identification												
Risk Number	20/1	Risk Title	20/1 - Funding Challenges					Risk Owner	Chief Exec		Manager	CD SR
Description	Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade resulting in legal challenge, unbalanced budget and public dissatisfaction						Risk Group	Resources		Risk Type		
Phase 2 - Current Assessment												
Current Control Measures			Existing MTFS; Members Budget seminars; modelling carried out on implications of CSR and other funds; agreed Budget 2; 2020 North Yorkshire Programme & constituent elements including service reviews; review of 2020NY in Member Seminars, Cabinet, and Overview and Scrutiny Committees where Directorate based; 2020NY Programme Management Office; 2020NY Programme Governance						Effectiveness			
Probability	H	Objectives	H	Financial	H	Services	H	Reputation	H	Category	1	
Phase 3 - Risk Reduction Actions												
							Action Manager	Action by	Completed	%		
Reduction	20/42 - Ongoing review of existing MTFS including assurance on existing budget savings and feeding into Budget for 2015/16						CD SR	Sat-28-Feb-15		0%		
Reduction	20/43 - Carry out modelling on implications of external funding levels						CD SR	Mon-31-Aug-15		0%		
Reduction	20/45 - Promote rural funding challenges including feeding into DCLG rural services review						CD SR	Mon-31-Aug-15		0%		
Reduction	20/46 - Ensure effective consultation/communication with staff, public and Members						All Mgt Board	Mon-31-Aug-15		0%		
Reduction	20/972 - Agree and monitor Plan with CCGs through the Health and Well Being Board in order to secure Better Care Fund for supporting Adult Social Care						CD HAS	Mon-31-Aug-15		0%		
Phase 4 - Post Risk Reduction Assessment												
Probability	M	Objectives	H	Financial	H	Services	M	Reputation	M	Category	2	
Phase 5 - Fallback Plan												
										Action Manager		
Fallback Plan	20/504 - Further fundamental review in order to discharge statutory responsibilities								All Mgt Board			



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Phase 1 - Identification											
Risk Number	20/190	Risk Title	20/190 - Preparedness for Implementation of the Care Act				Risk Owner	CD HAS	Manager	HAS AD ASCO	
Description	Failure to prepare for the implementation of the new Care Act including the financial impact of the Dilnot proposals on lifetime charges, revised capital limit, portable assessment, increase in a number of clients requiring assessment for both care needs and finance leading to loss of reputation and under capacity					Risk Group	Performance	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures		AD in place; Lead Manager in post; Programme Plan developed; Workshop with Leadership Forum, Integrated Transformation Plan including requirements for the Care Act and Dilnot, HAS Operating Model.					Effectiveness				
Probability	M	Objectives	H	Financial	H	Services	H	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	20/241 - Working at regional and national level to influence the financial case for NYCC					AD SR (HAS) & Proc	Mon-31-Aug-15		0%		
Reduction	20/242 - Develop an action plan for implementing the Operating Model to capture all Care Act requirements					HAS AD ASCO	Tue-30-Sep-14		0%		
Reduction	20/243 - Ensure HASLT in Transformation Board mode continue to receive monthly updates and hold 'confirm and challenge' sessions with lead managers on all workstreams					CD HAS HAS LT	Fri-31-Jul-15		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	H	Financial	H	Services	H	Reputation	H	Category	2
Phase 5 - Fallback Plan											
						Action Manager					
Fallback Plan	20/544 - Tighten controls on who can receive services. Utilise BCF to support core activity. Re-allocate other work to prioritise the statutory requirements of the Act.					HAS AD ASCO					



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Phase 1 - Identification													
Risk Number	20/207	Risk Title	20/207 - 2020 North Yorkshire Change Programme					Risk Owner	Chief Exec		Manager	CSD SR AD T&C	
Description	Failure to adequately develop, plan for and commence implementation of new council ways of working resulting in inability to meet financial savings requirements, sub-optimal decision making and poorer quality of services.						Risk Group	Strategic		Risk Type			
Phase 2 - Current Assessment													
Current Control Measures			Initial service reviews largely completed; 2020 North Yorkshire Programme Plan in place and regularly reviewed/updated; Members workshops & political group sessions completed; briefings of Cabinet; regular Mgt Board discussions; Mgt Board to sit as Programme Board; AD Tech & Change appointed to programme manage 2020 North Yorkshire; staff messages; opportunities to involve staff further; middle manager sessions with Chief Exec; Stronger Communities programme; Blueprint produced; recruitment of support required for Programme; governance arrangements agreed; standard approaches to project management and business change employed (eg Lean workshops)							Effectiveness			
Probability	M	Objectives	H	Financial	H	Services	H	Reputation	H	Category	2		
Phase 3 - Risk Reduction Actions													
Reduction	15/56 - Review of Behaviour and Skills framework and other relevant key documents as part of OD workstream						Action Manager	CSD ACE BS		Action by	Sat-31-Jan-15	Completed	%
Reduction	15/101 - Ongoing restructure of Business Support and administrative service staff to meet BS savings target which are dependent on 2020 service changes						Action Manager	CSD ACE BS		Action by	Thu-30-Apr-15	Completed	0%
Reduction	15/174 - Implement the 2020 Finance programme						Action Manager	CD SR		Action by	Thu-30-Apr-15	Completed	0%
Reduction	15/240 - Consider staffing resource and impact upon the workforce of the future on an ongoing basis (Workforce Strategy 2020 was agreed and implemented in the summer but work is ongoing)						Action Manager	CSD ACE BS		Action by	Thu-30-Apr-15	Completed	0%
Reduction	15/258 - Leading practice to be identified in each area of change (including potential for critical friends)						Action Manager	CD SR		Action by	Tue-31-Mar-15	Completed	0%
Reduction	15/262 - Develop 'stronger communities' programme to mitigate against proposed budget cuts and promote community and individual resilience						Action Manager	CSD AD PP		Action by	Sun-31-Aug-14	Completed	Tue-30-Sep-14 100%
Reduction	15/834 - Approve and implement the ICT strategy						Action Manager	CSD SR AD T&C		Action by	Tue-30-Jun-15	Completed	0%
Reduction	15/835 - Agree overall communications and engagement strategy and develop ongoing plan for activity						Action Manager	CSD HoC		Action by	Thu-30-Apr-15	Completed	0%
Reduction	15/836 - Agree resource requirements (also agreed process for any additional ones)						Action Manager	CD SR CSD ACE BS		Action by	Tue-30-Sep-14	Completed	Tue-30-Sep-14 100%
Reduction	15/837 - Implement the Stronger Communities programme to mitigate against proposed budget cuts, support communities to take over local services, and promote community and individual resilience (ongoing)						Action Manager	CSD AD PP		Action by	Mon-31-Aug-15	Completed	0%
Phase 4 - Post Risk Reduction Assessment													
Probability	L	Objectives	H	Financial	H	Services	H	Reputation	H	Category	3		
Phase 5 - Fallback Plan													



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		Action Manager
Fallback Plan	20/529 - Reprioritisation of savings, further consideration of structures and ways of working	All Mgt Board



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Phase 1 - Identification											
Risk Number	20/49	Risk Title	20/49 - Organisational Performance Management				Risk Owner	Chief Exec	Manager	CD SR	
Description	Council does not operate a true performance management framework leading to misalignment of activities and services with Council mission and objectives, poorer service delivery, public dissatisfaction, criticism, suboptimal working and lost opportunities and reduced ability to meet savings requirements					Risk Group	Performance	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures			Corporate Performance Management Framework including service planning, quarterly reports to Exec, participation in benchmarking exercises, Corporate Performance Management Group, team performance management matrix, internal peer review of performance management matrix, review of Q performance reports					Effectiveness			
Probability	M	Objectives	M	Financial	M	Services	H	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	15/201 - Implement revised Corporate Performance Management Framework					AD SR (BES/CS) & Perf	Wed-31-Dec-14		0%		
Reduction	15/202 - Determine and implement a robust vfm framework for the authority that is integral to 2020 North Yorkshire					CD SR	Wed-31-Dec-14		0%		
Reduction	15/233 - Implement a plain English performance development language for the council					AD SR (BES/CS) & Perf	Wed-31-Dec-14		0%		
Reduction	15/237 - Develop future shape of performance management support; options of central team, directorate specialist teams, combinations, hub and spoke, etc. Develop this through CPMG and directorate management teams and report to MB					AD SR (BES/CS) & Perf	Wed-31-Dec-14		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	H	Reputation	M	Category	3
Phase 5 - Fallback Plan											
Fallback Plan	20/533 - Fundamental review of approach							Action Manager	CD SR		

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Phase 1 - Identification											
Risk Number	20/45	Risk Title	20/45 - Long Term Waste Service Strategy			Risk Owner	Chief Exec		Manager	CD BES	
Description	Failure to deliver the long term waste service strategy				Risk Group	Performance		Risk Type			
Phase 2 - Current Assessment											
Current Control Measures	Strategic group; officer group (strat and proc); PPP group; project plan and indicators; adopted waste strategy; adopted local plan (waste); strategy for sites and planning developed; business case approved; approval of Treasury (FBC); contract awarded; waste flow and MTFs position monitored; monitoring of sites and planning strategies; IAA with CYC signed; ongoing close liaison with CYC to agree decision making process; CYC and NYCC Council approvals to award PPP Contract; planning advisor; contractor appointed; planning permission granted subject to Judicial Review; soft market testing of interim solutions carried out; Teckal with Yorwaste agreed; Exec agreed recommendation to council; Plan for procurement of interim arrangements; County Council sign off; Technical review incl. engineering to minimise long term contract costs with Amey Cespa; Project funding and explored all alternatives & options with Amey Cespa; Continual review of waste flow; Section 151 officer sign off;							Effectiveness			
Probability	M	Objectives	L	Financial	H	Services	L	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	20/35 - Carry out Technical review including engineering to minimise long term contracts costs, demonstrate value compared with alternative options - with Amey Cespa					BES AD W&CS	Thu-31-Jul-14	Sat-31-May-14	100%		
Reduction	20/37 - Continue to ensure sufficiency of budget provision and strategy for Waste PPP (ongoing review)					Waste Strategy Financial Lead	Mon-31-Aug-15		0%		
Reduction	20/38 - Progress project funding with Amey Cespa and fully explore all alternative and options - with Amey Cespa					Waste Strategy Financial Lead	Thu-31-Jul-14	Sat-31-May-14	100%		
Reduction	20/39 - Continue to do soft market testing and scope options for interim solutions assuming delays in the long term					BES AD W&CS	Mon-31-Aug-15		0%		
Reduction	20/891 - Obtain Members' sign off based on detailed VFM assessment and details of the business case					CD BES	Wed-24-Sep-14	Wed-24-Sep-14	100%		
Reduction	20/980 - Procurement &/or delivery of agreed front end facilities					BES AD W&CS	Tue-31-Mar-15		0%		
Reduction	20/981 - Continual review of waste flow to inform future strategy (ongoing)					CD BES	Thu-31-Jul-14	Sun-31-Aug-14	100%		
Reduction	20/1167 - Implement a Teckal approach to the Waste Services Procurement 2015					BES AD W&CS	Tue-31-Mar-15		0%		
Reduction	20/1168 - Continue with procurement of interim arrangements (4 years)					BES AD W&CS	Mon-31-Aug-15		0%		
Reduction	20/1169 - Publish OJEU notice and review any challenge					BES AD W&CS	Fri-31-Oct-14		0%		
Reduction	20/1170 - Start a financial close 'dry run' process including affordability and VFM					BES AD W&CS	Fri-31-Oct-14		0%		
Reduction	20/1171 - Work with and monitor Amey Cespa contract (construction)					BES AD W&CS	Sat-31-Mar-18		0%		



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Reduction	20/1172 - Ensure effective contract management arrangements are in place	BES AD W&CS	Tue-31-Mar-15		0%
Reduction	20/1175 - Obtain Section 151 officer sign off from CYC and NYCC	CD BES	Mon-30-Jun-14	Thu-31-Jul-14	100%
Reduction	20/1176 - Maintain PPP project risk register	BES AD W&CS	Mon-31-Aug-15		0%
Phase 4 - Post Risk Reduction Assessment					
Probability	L	Objectives	L	Financial	H
				Services	L
				Reputation	H
				Category	3
Phase 5 - Fallback Plan					
					Action Manager
Fallback Plan	20/206 - Rely short term on newly procured arrangements from April 2015, review strategy, media management				CD BES



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Phase 1 - Identification											
Risk Number	20/189	Risk Title	20/189 - Safeguarding Arrangements				Risk Owner	Chief Exec		Manager	CD HAS CD CYPS
Description	Failure to have a robust Safeguarding service in place results in risk to vulnerable children, adults and families and not protecting them from harm.					Risk Group	Safeguarding		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			CYPS – Safeguarding website; regularly reviewed procedures; monthly performance data for monitoring; audit regime; manager authorisation of all assessments; ICS; family intervention team; training strategy; clear supervision process which is audited on a regular basis; customer contact screening team; HAS - Detailed action plan, Safeguarding review for the County, revised Safeguarding Boards and sub groups, Safeguarding general manager and team, strengthening of Safeguarding policy team, case file audit and review, training plan, best interest assessors in post, better understanding & embedding of Mental Capacity Act. Independent chair to Safeguarding Board appointed, risk enablement panel developed, countywide safeguarding general manager appointed,						Effectiveness		
Probability	M	Objectives	H	Financial	H	Services	M	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed	%	
Reduction	20/374 - Ensure compliance with Safeguarding Board and Children's Social Care procedures (CYPS)					CYPS AD CSC		Wed-30-Sep-15		0%	
Reduction	20/375 - Contribute to the delivery and implementation of the Child Sexual Exploitation (CSE) strategy with the LSCB (CYPS)					CYPS CSC HoS		Wed-30-Sep-15		0%	
Reduction	20/376 - Raise awareness of the escalation procedures relating to children missing and at risk of CSE (CYPS)					CYPS CSC HoS		Wed-30-Sep-15		0%	
Reduction	20/377 - Ensure all cases of children at risk of CSE are flagged on LCS (CYPS)					CYPS CSC HoS		Wed-30-Sep-15		0%	
Reduction	20/378 - Ongoing Mgt file audit of case files against established assessment standards and staff supervision files (CYPS)					CYPS CSC SMT		Wed-30-Sep-15		0%	
Reduction	20/379 - Monitoring and management of performance against agreed targets in the SMT action plan and team action plans (CYPS)					CYPS CSC SMT		Wed-30-Sep-15		0%	
Reduction	20/380 - Review of safeguarding procedures linked to consultation in light of the Care Act (HAS)					HAS AD ASCO		Fri-31-Oct-14		0%	
Reduction	20/381 - Continue to ensure partners are fully engaged with Safeguarding boards centrally and locally, particularly new health partners (CCGs) (HAS)					HAS AD ASCO		Thu-30-Apr-15		0%	
Reduction	20/382 - Continue to work with Procurement, Partnerships and Quality Assurance team to improve quality assurance (HAS)					HAS AD ASCO HAS AD PP&QA		Thu-30-Apr-15		0%	
Reduction	20/383 - Develop and implement new safeguarding board performance framework (HAS)					HAS AD ASCO		Thu-30-Apr-15		0%	
Reduction	20/384 - Carry out review of approach to domestic abuse, Prevent and serious incident data (HAS)					HAS AD ASCO		Thu-30-Apr-15		0%	
Reduction	20/385 - Implement the concordat following Winterbourne View (HAS)					HAS AD ASCO		Thu-30-Apr-15		0%	

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Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	H	Financial	H	Services	M	Reputation	H	Category	3
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	20/545 - Carry out necessary review of approach, target underperforming areas and take on lessons learned from any serious case reviews									CD CYPs CD HAS	



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Phase 1 - Identification											
Risk Number	20/188	Risk Title	20/188 - Educational Outcomes					Risk Owner	Chief Exec	Manager	CD CYPs
Description	Failure to ensure positive educational outcomes for children and young people together with appropriate support for schools to be good or outstanding results in lower achievement levels for pupils, and NY children's life chances being determined by geography or family circumstances rather than being in their own hands.						Risk Group	Performance	Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			Cross-directorate "Strategic Priority Schools" approach; work with Schools Forum; detailed analysis of data; joint annual performance review and target settings with schools; effective targeted intervention; 'Closing the Gap' strategy; School Improvement strategy including monitoring groups for vulnerable children; Achievement for All Programme;						Effectiveness		
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed	%	
Reduction	20/1161 - Ensure leadership and release of commissioning capacity in the context of the Commission for School Improvement and School Improvement restructure						CYPs AD E&S	Tue-31-Mar-15		0%	
Reduction	20/1165 - Continue to promote alternative models of school leadership including mergers, federations and informal partnerships						CYPs AD E&S	Sat-31-Jan-15		0%	
Reduction	20/1166 - Ensure effective implementation of the local 'Closing the Gap' innovation programme and monitoring of the impact of the projects funded through this programme						CYPs AD E&S	Sat-31-Jan-15		0%	
Reduction	20/1177 - Monitor and evaluate outcomes around the vulnerable groups in all schools						CYPs AD E&S	Sat-31-Jan-15		0%	
Reduction	20/1187 - Continue to implement and evaluate impact of the Achievement for All Programme						CYPs AD E&S	Sat-31-Oct-15		0%	
Reduction	20/1188 - Implement plans to further improve Looked After Children educational outcomes						CYPs Ho ELAC	Fri-31-Jul-15		0%	
Reduction	20/1189 - Develop a new Skills Strategy based on robust assessment of needs						CYPs AD E&S	Thu-30-Apr-15		0%	
Reduction	20/1190 - Establish stronger links with businesses and employers re apprenticeships, internships and traineeships and use NYCC as a role model itself in this area						CYPs AD E&S	Thu-30-Apr-15		0%	
Reduction	20/1197 - Establish stronger links with Further and Higher Education establishments						CYPs AD E&S	Thu-30-Apr-15		0%	
Reduction	20/1199 - Develop and implement the "Scarborough Programme" which collaboratively challenges underachievement						CD CYPs	Thu-30-Apr-15		0%	
Reduction	20/1200 - Establish the North Yorkshire Education Partnership						CD CYPs	Thu-30-Apr-15		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	H	Category	3
Phase 5 - Fallback Plan											



Risk Register: **month 0 (Oct 2014) – detailed**

Report Date: 19th November 2014 (cpc)

		Action Manager
Fallback Plan	20/542 - Continually review via internal mechanisms and the new NY Education Partnership and challenge Programmes and Strategies in order to ensure better educational outcomes	CD CYPS



Corporate Risk Register

Appendix B

Risk Register: **month 0 (Oct 2014) – detailed**

Report Date: 19th November 2014 (cpc)

Phase 1 - Identification											
Risk Number	20/334	Risk Title	20/334 - Economic Development and Opportunities for Devolution in North Yorkshire					Risk Owner	Chief Exec	Manager	BES AD EPU
Description	Failure to develop the North Yorkshire economy and to capitalise on the opportunities for devolution resulting in reduced investment and impact on the growth and jobs across North Yorkshire.					Risk Group	Strategic	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures		Supporting the LEP to deliver its strategic economic plan; Infrastructure Delivery Steering Group: NYCC wide co-ordination of development needs linked to District plans; Broadband; circa £200m Local Growth and EU funding; support to create a Combined Authority model;						Effectiveness			
Probability	M	Objectives	L	Financial	H	Services	L	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed	%	
Reduction	20/364 - Gain political support both locally and nationally						Chief Exec	Sun-31-May-15		0%	
Reduction	20/915 - Develop the strategic economic plan to maximise investment from Government and EU to stimulate growth						BES AD EPU	Mon-30-Jun-14	Thu-31-Oct-13	100%	
Reduction	20/916 - Deliver the strategic economic plan						BES AD EPU	Tue-31-Mar-20		0%	
Reduction	20/917 - Secure further funding from Government and EU & obtain approval for spending						BES AD EPU	Thu-30-Apr-15		0%	
Reduction	20/918 - Ensure LEP Secretariat is fit for purpose						BES AD EPU	Mon-31-Aug-15		0%	
Reduction	20/975 - Develop a LEP wide plan on what powers and influence we would like devolved and the added value that we can deliver						CD BES	Sun-31-May-15		0%	
Reduction	20/976 - Create a Directors of Development Group to support development of the Combined Authority Model and improve engagement with the LEP						CD BES	Sun-30-Nov-14		0%	
Reduction	20/1267 - Commission consultants to develop a Combined Authority proposal						CD BES	Sun-30-Nov-14		0%	
Reduction	20/1397 - Identify the economic barriers and opportunities which a Combined Authority can take advantage of						CD BES	Tue-31-Mar-15		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	L	Financial	M	Services	L	Reputation	L	Category	4
Phase 5 - Fallback Plan											
Fallback Plan	20/596 - Consider membership of Leeds City Region Combined Authority								Action Manager	CD BES	

Corporate Risk Register

Appendix B

Risk Register: **month 0 (Oct 2014) – detailed**

Report Date: 19th November 2014 (cpc)

Phase 1 - Identification											
Risk Number	20/389	Risk Title	20/389 - Health and Safety				Risk Owner	Chief Exec		Manager	CD SR
Description	Major Corporate Health and Safety failure resulting in injuries, claims, reputational and service delivery impact and possible prosecution					Risk Group	Legislative		Risk Type		
Phase 2 - Current Assessment											
Current Control Measures			HSRM Service Plan feeding into Directorate Action Plans; H&S team; Corporate H&S Policy; Corporate and Directorate H&S procedures; intranet and cyps.info sites; Directorate RM groups; RM Working groups; H&S Champions and lead officers; reporting on a regular basis; on-going H&S risk assessment, training, monitoring and audit; corporate H&S training matrix						Effectiveness		
Probability	L	Objectives	M	Financial	M	Services	M	Reputation	H	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed	%	
Reduction	15/248 - Continue delivery of the programme of H&S monitoring						AD SR (CYPS) & Prop	Tue-30-Jun-15		0%	
Reduction	15/249 - Develop and implement the directorate H&S action plans and report performance						AD SR (CYPS) & Prop	Tue-30-Jun-15		0%	
Reduction	15/254 - Update online health and safety training materials and improve the identification of Health & Safety training needs						CSD SR HoHSRM	Tue-30-Jun-15		0%	
Reduction	15/255 - Promote directorate programmes of health & safety risk assessment and monitor completion						AD SR (CYPS) & Prop	Tue-30-Jun-15		0%	
Reduction	15/256 - Review of Health and Safety service						AD SR (CYPS) & Prop	Wed-31-Dec-14		0%	
Reduction	15/257 - Revision of the corporate H&S policies and procedures						CSD SR HoHSRM	Wed-31-Dec-14		0%	
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	M	Reputation	H	Category	3
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	20/628 - Liaise with HSE, media management, implement fatal/serious injury response guide									CSD SR HoHSRM	

Corporate Risk Register

Appendix B

Risk Register: **month 0 (Oct 2014) – detailed**

Report Date: 19th November 2014 (cpc)

Phase 1 - Identification											
Risk Number	20/8	Risk Title	20/8 - Major Emergencies in the Community				Risk Owner	Chief Exec	Manager	Chief Exec	
Description	Failure to plan, respond and recover effectively to major emergencies in the community resulting in risk to life and limb, impact on statutory responsibilities, impact on financial stability and reputation					Risk Group	Performance	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures		NYLRF; experience and resources of partners; existing plans incl public health (training and exercises); EPU; partnership working with District Councils; community resilience; silver response in the County Council major incident plan tested; approach to BCP refreshed to strengthen service resilience; Resilience Direct portal; regional multi agency pandemic exercise held;						Effectiveness			
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	H	Category	3
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed	%		
Reduction	20/249 - Test effectiveness and robustness of emergency plans relating to the public health of the NY population - final review and lessons learned following multi agency exercise to complete					Chief Exec	Wed-31-Dec-14		0%		
Reduction	20/970 - Continue to ensure effective co-ordination and communication with County and District/Borough Council services & NYLRF in light of reduction in resources					Chief Exec	Sat-31-Oct-15		0%		
Reduction	20/971 - Continue to ensure effective and efficient processes are embedded amongst all partners to prioritise workstreams (incl. plans, training and exercises)					Chief Exec	Sat-31-Oct-15		0%		
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	M	Category	3
Phase 5 - Fallback Plan											
Fallback Plan	20/207 - Review and prioritise resources dependent on nature and impact of event (inc effective media management)							Action Manager	Chief Exec		



AUDIT COMMITTEE - PROGRAMME OF WORK 2014 / 15

	ANNUAL WORKPLAN	SEPT 14	DEC 14	MAR 15	APRIL 15	JUNE 15	JULY 15	SEPT 15	DEC 15	MAR 16
	Audit Committee Agenda Items									
A	Training for Members (as necessary)	3	4	5	6					
	Annual Internal Audit Plan 2014/15			x	x					
	Annual report of Head of Internal Audit 2013/14									
	Progress Report on Annual Internal Audit Plan 2013/14		x	x	x					
	Internal Audit report on Children and YP's Service									
	Internal Audit report on Computer Audit/Corporate Themes/Contracts	x								
	Internal Audit report on Health and Adult Services	x								
	Internal Audit report on BES		x							
Internal Audit report on Central Services			x							
B	Annual Audit Letter		x							
	Annual Audit Plan 2013/14 (NYCC & NYPF)									
	Annual Report / Letter of the External Auditor	x								
	Annual Grant Letter			x						
	Discussion with External Auditor on 1-to-1 basis			0						
C	Statement of Final Accounts including AGS (NYCC + NYPF)	x								
	Letter of Representation	x								
	Chairman's Annual Report	x								
	Effectiveness of Audit Committee									
	Changes in Accounting Policies		x							
	Corporate Governance – review of Local Code + AGS									
	– progress report inc re AGS									
	Risk Management (inc Corporate R/R) – progress report		x							
	Partnership Governance – progress report									
	Information Governance – progress report									
	Review of Finance./Contract/Property Procedure Rules									
	Service Continuity Planning									
	Audit Committee Terms of Reference		x							
	Counter Fraud			x						
	Contract Management		x							
Treasury Management – Executive February				x						
Corporate Procurement Strategy				x						
VFM Review					x					
D	Work Programme	x	x	x	x	x	x	x	x	x
	Progress on issues raised by the Committee (inc Treasury Management)	x	x	x	x	x	x	x	x	x
E	Agenda planning / briefing meeting	10/09	19/11	17/02	01/04	10/06	02/07	09/09	18/11	16/02
	Audit Committee Agenda/Reports deadline	15/09	24/11	19/02	31/03	15/06	06/07	14/09	23/11	22/02
	Audit Committee Meeting Dates	25/09	04/12	05/03	16/04	25/06	16/07	24/09	03/12	03/03

- A = Internal Audit
- B = External Audit
- C = Statement of Final Accounts / Governance
- D = Other
- E = Dates

- ⊙ before formal meeting
- 1 External Auditor
- 2 IT Strategy
- 3 Governance & Statement of Account
- 4 2020 North Yorkshire Programme
- 5 Health and Social Care Integration (Richard Webb)
- 6 Information Governance