



**North Yorkshire
County Council**

Agenda

Meeting: Audit Committee

**Venue: Brierley Room, County Hall,
Northallerton**

Date: Thursday 23 June 2016 at 1.30 pm

**Note: Members are invited to attend a
seminar concerning procurement/
VFM at 1.00 pm in the Brierley Room**

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Business

- 1. Election of Chairman**
- 2. Minutes of the meeting held on 3 March 2016**
- 3. Election of Vice-Chairman**
- 4. Any Declarations of Interest**

(Pages 5 to 12)

Enquiries relating to this agenda please contact Ruth Gladstone **Tel: 01609 532555** or e-mail ruth.gladstone@northyorks.gov.uk
www.northyorks.gov.uk

5. 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 at the foot of the first page of the Agenda*) by midday on Monday 20 June. 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.

6. **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 13 to 14)
7. **Annual Report of the Head of Internal Audit 2015/16**
(Pages 15 to 45)
8. **Internal Audit Plan for 2016/17** - Report of the Head of Internal Audit
(Pages 46 to 66)
9. **Maintaining an Effective Control Framework** – Report of External Audit
(Pages 67 to 81)
10. **Corporate Governance** - Report of the Corporate Director – Strategic Resources
(Pages 82 to 164)
11. **Internal Audit Work / Internal Control Matters for the Children and Young People's Services Directorate:-**
 - (a) Report of the Head of Internal Audit
(Pages 165 to 176)
 - (b) Report of the Corporate Director – Children and Young People's Services Directorate.
(Pages 177 to 181)
12. **Risk Management - Progress** - Report of the Corporate Director – Strategic Resources
(Pages 182 to 204)
13. **Business Continuity - Update** - Report of the Emergency Planning Manager
(Pages 205 to 207)

14. **Corporate Procurement Strategy** - Report of the Corporate Director – Strategic Resources
(Pages 208 to 217)
15. **Programme of Work 2015/16**
(Page 218)
16. **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

Notes:

(a) **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. 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				Conservative		
2	BAKER, Robert				Conservative		
3	BLACKIE, John				NY Independent		
4	BROADBENT, Eric				Labour		
5	CLARK, Jim				Conservative		
6	FORT, John BEM				Conservative		
7	GRANT, Helen				NY Independent		
8	JORDAN, Mike				Conservative		
Members other than County Councillors (3)							
1	PORTLOCK, David						
2	MARSH, David						
3	Vacancy						
Total Membership – (11)				Quorum – (3) County Councillors			
Con	Lib Dem	NY Ind	Labour	Liberal	UKIP	Ind	Total
5	0	2	1	0	0	0	

2. Substitute Members

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

North Yorkshire County Council

Audit Committee

Minutes of the meeting held on Thursday 3 March 2016 at 1.30 pm at County Hall, Northallerton.

Present:-

County Councillor Members of the Committee:-

County Councillor Mike Jordan (in the Chair); County Councillors Margaret Atkinson, Eric Broadbent, Jim Clark, John Fort BEM, Helen Grant and Bill Houlton.

External Members of the Committee:-

Mr David Marsh and Mr David Portlock.

In Attendance:-

County Councillor Carl Les (Leader of the Council).

KPMG Officer: Rashpal Khangura.

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

County Council Officers: Gary Fielding (Corporate Director – Strategic Resources), Richard Flinton (Chief Executive), Ruth Gladstone (Principal Democratic Services Officer), Michael Leah (Assistant Director – Strategic Resources), John Raine (Head of Technical Finance) and Fiona Sowerby (Corporate Risk and Insurance Manager).

Copies of all documents considered are in the Minute Book

In opening the meeting, the Chairman advised that he, in his capacity as a Selby District Councillor, had attended the first meeting of Mazars' North Yorkshire Governance Forum which aimed to promote good governance and the sharing of ideas and best practice. He advised that a further meeting would be held during June/July 2016, to look at commercialisation and alternative models of service delivery, including trading companies and mutual organisations and the effective governance of these new arrangements, and that he would report on that meeting at a future meeting of this Committee.

161. Minutes

Resolved –

That the Minutes of the meeting held on 3 December 2015, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

162. Exclusion of the Public

Resolved -

That the public be excluded from the meeting during consideration of Appendices 2 and 3 to the report "Counter Fraud and Associated Matters" on the grounds that they

involve the likely disclosure of exempt information as defined in paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

163. Public Questions or Statements

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

164. 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) advising of progress on issues which the Committee had raised at previous meetings and providing an update concerning Treasury Management.

During debate, Members noted the difficulties surrounding the next governance review of the Health and Wellbeing Board and Integrated Commissioning Board. Members stressed the importance of retaining this matter on “Progress on Issues Raised by the Committee” reports to forthcoming Audit Committee meetings.

Resolved -

That the report be noted.

165. External Audit Plan 2015/16 for North Yorkshire County Council and North Yorkshire Pension Fund

Considered -

The External Audit Plan 2015/16 from KPMG, the headlines within which included the following:-

- Materiality for planning purposes was £15m for the Council and £25m for the Pension Fund. The External Auditor was obliged to report uncorrected omissions or misstatements other than those which were ‘clearly trivial’ to those charged with governance and this had been set at £0.75m for the Council and £1.25m for the Pension Fund.
- The significant risks requiring specific audit attention and procedures had been identified as the new financial systems and impairment of property, plant and equipment due to flooding.
- The National Audit Office had issued new guidance for the Value for Money audit which applied from the 2015/16 audit year. The approach was broadly similar in concept to the previous VFM audit regime, although there were some notable changes.

Rashpal Khangura (KPMG) responded to Members’ questions, during which he confirmed that the Committee could place reliance on the work of KPMG and that the significantly reduced external audit fee would be partly met by better use of technology.

In response to questions from the Chairman, the Corporate Director - Strategic Resources and the Head of Internal Audit both indicated that they were happy with KPMG’s External Audit Plan.

Resolved -

That the External Plan 2015/16 for North Yorkshire County Council and North Yorkshire Pension Fund be noted.

166. Progress on 2015/16 Internal Audit Plan

Considered -

The report of the Head of Internal Audit advising of the progress made to date in delivering the 2015/16 Internal Audit Plan.

Key issues within the report were that Veritau were well on track to meet and exceed the 2015/16 performance target of delivering 93% of the agreed Internal Audit Plan, and that a number of variations had been authorised to the Plan since 3 December 2015, the net effect of which was no change in the total number of audit days for the year.

During debate, the following issues were highlighted:

- ◆ Work was in progress in both the Children and Young People's Service Directorate and the Business and Environmental Services Directorate, although the audit reports had not yet been finalised.
- ◆ The reasons why there had been a reduction of ten audit days for the Health and Adult Services Domiciliary Care contracting audit was because the initial estimate had been considered to be too generous and also to make better use of audit days.

Resolved -

That the progress made in delivering the 2015/16 Internal Audit programme of work and the variations agreed by the client officer be noted.

167. Internal Audit Plan for 2016/17

Note: During discussion, Mr David Portlock declared an interest in respect of pensions because he was the Independent Chair of the County Council's Pension Board.

Considered -

The report of the Head of Internal Audit seeking Members' views on the priorities for internal audit in 2016/17 to inform the preparation of the annual audit plan.

The Head of Internal Audit highlighted that this was an outline Audit Plan and Members' views were sought to identify any areas of risks which they considered warranted inclusion. A final version of the Audit Plan would be submitted to the Committee's meeting on 23 June 2016.

During debate, the following issues were highlighted:

- ◆ A Member suggested the inclusion of an audit regarding the Teckal to assist Members' understood of the implications. The Corporate Director - Strategic Resources advised that Ian Fielding (Assistant Director – Waste

Management) was scheduled to address Audit Committee Members about the Teckal at the Committee's Seminar on 14 July 2016 and that arrangements could be made to factor-in the Teckal on the appropriate year's Audit Plan.

- ◆ A Member suggested factoring-in, on the appropriate year's Audit Plan, the development of arrangements for pensions pooling.
- ◆ The Head of Internal Audit provided confirmation that the planned audits relating to North Yorkshire Pension Fund would include, in their scope, a follow up of the arrangements whereby pension payments cease on the death of a Pension Scheme member.
- ◆ The Head of Internal Audit confirmed that Veritau was already looking, and would continue to look, at implementation of the new financial system and that, at present, Veritau was happy with how the new system was working. He also confirmed that Veritau would be co-ordinating its work in this regard with the External Auditor.

Resolved -

That the comments made by Members on the outline Internal Audit Plan for 2016/17 and the specific areas identified be noted.

168. Accounting Policies

Considered -

The report of the Corporate Director - Strategic Resources reviewing the changes to the County Council's Accounting Policies for the 2015/16 financial year and advising of potential changes in the pipeline that were likely to impact on future years' Accounting Policies and the Statement of Final Accounts.

It was reported that the Fair Value Measurement was the only change which impacted on the County Council's 2015/16 Accounting Policies. The 2015/16 Accounting Policies would be reported to Audit Committee on 14 July 2016 as part of the report accompanying the draft Statement of Final Accounts. There were also Code of Practice changes which would result in changes to the Statement of Financial Accounts which could apply to the County Council in 2015/16 or future years. All changes relating to 2015/16 were set out in Appendix A to the report.

During discussion, the Corporate Director - Strategic Resources advised that the County Council would not be trying, this year, to achieve early closure of the accounts and this was due to the recent change in External Auditor and the implementation of the new financial system.

Resolved -

- (a) That the 2015/16 change in Accounting Policy required to comply with the 2015 'Code of Practice on Local Authority Accounting', as set out in paragraph 3.5 of, and Appendix A to, the report be noted.
- (b) That the potential changes to the Statement of Financial Accounts Accounting Policies which are in the pipeline for future years (2016/17 onwards), as set out in paragraph 4.1 of, and Appendix B to, the report be noted.

169. Information Governance - Progress Report

Considered -

The report of the Corporate Director - Strategic Resources updating on the progress made to develop further the County Council's Information Governance arrangements.

It was reported that the original Information Governance Policy suite had been reviewed and revised to take account of recent developments and current best practice and also to consolidate and simplify the previous policies. The updated suite of policies now consisted of:- Information Governance Policy; Personal Privacy Policy; Information Access Policy; Document and Records Management Policy; and the Mobile Device Policy. Veritau continued to carry out unannounced compliance audits relating to information security. Examples of the recent security incidents were listed in the report and it was noted that the majority had been caused by human error. The three in-depth Information Governance mandatory online learning courses had recently been revised and re-launched. All identified employees were required to complete these courses by 31 March 2016. It was also reported that significant progress had been made with regard to data sharing with partner agencies to ensure that the County Council was sharing information appropriately, at the right time, with the right people and by the correct means. In particular, a collaborative multi-agency overarching information sharing protocol had been produced during recent months. The ethos of the protocol was to share information except where it would be unlawful to do so.

During discussion, Members asked questions about the County Council's vulnerability to computer hacking. The Head of Internal Audit advised that the County Council's contracts with private sector companies ought to contain provisions regarding how the company protected personal data. With regard to the County Council's website, the Corporate Director - Strategic Resources advised that the County Council relied on its computer firewall which had proved to be very effective to date.

A Member suggested that a letter should be sent to staff at Swaledale House in Colburn and at Belle Vue Square in Skipton because the recent information security compliance audits at those locations had been classified as "high assurance". Other Members expressed support for that suggestion.

The Chairman thanked Fiona Sowerby (Corporate Risk and Insurance Manager) for her assistance in relation to Information Governance.

Resolved -

- (a) That the progress made on Information Governance issues be noted.
- (b) That a letter from the Chairman, on behalf of the Committee, be sent to staff at Swaledale House in Colburn and at Belle Vue Square in Skipton to congratulate them on their good practice in relation to information security compliance.

170. Counter Fraud and Associated Matters

Appendices 2 and 3 to the report "Counter Fraud and Associated Matters" were considered in private and the public have no right of access to those appendices.

Considered -

The report of the Head of Internal Audit providing an update on the number and type of investigations undertaken by Veritau Limited during 2015/16 to date, asking the Committee to consider proposed changes to the County Council's whistleblowing policy framework prior to approval, and seeking consideration of the Annual Fraud Risk Assessment for the County Council.

It was reported that all organisations were at an increased risk of fraud and corruption. As such, there was a continuing need for the County Council to maintain counter fraud arrangements and to ensure it responded appropriately. In particular the County Council had a Counter Fraud Policy Framework which it kept under review. The framework included whistleblowing policies. There had been two such policies since March 2014, namely, a policy covering County Council employees, Members and contractors, plus a related policy for schools. It was now considered appropriate to simplify arrangements and to adopt a single policy. The report also set out details of investigations undertaken during 2015/16 into concerns and allegations of possible fraudulent or corrupt working practices. The detail was set out in Appendix 2 to report which was considered in private session. The outcome of an annual Fraud Risk Assessment, designed to identify the activities and areas within the County Council which presented the greatest risk of loss, was set out at Appendix 3 to the report which was considered in private session.

During debate, Members asked questions and the following responses were provided:-

- ◆ The whistleblowing policy was confidential and consequently the identity of the person whistleblowing was protected.
- ◆ The County Council always sought to prosecute people, where appropriate, for theft and fraud.
- ◆ The Head of Internal Audit did not believe that North Yorkshire County Council was out of step with other authorities with regard to the amount of attempted fraud. However, sufficiently reliable comparison information with other authorities was not readily available.
- ◆ Most allegations of fraud involving Social Care Funding were against people outside the County Council.

Resolved -

- (a) That the investigations carried out by Veritau in 2015/16 to date, and the outcome of the annual Fraud Risk Assessment, be noted.
- (b) That the proposed changes to the County Council's whistleblowing policy framework, as set out at Appendix 1 to the report, be approved.

171. Annual Treasury Management Strategy 2016/17

Considered -

The report of the Corporate Director - Strategic Resources concerning a review of the County Council's Treasury Management Policy Statement and Annual Treasury Management and Investment Strategy for 2016/17.

It was reported that the County Council was required to approve an up-to-date Annual Treasury Management and Investment Strategy before the start of the new financial year. Accordingly, a Treasury Management Policy/Strategy for 2016/17 had been approved at a meeting of the full County Council on 24 February 2016. A copy was appended to the Committee's report and the Committee was invited to review the documentation and consider whether it would wish to refer any proposals back to the Executive.

During debate:-

- ◆ A Member commented that it would have been useful if the changes had been shown as tracked changes in the documentation.
- ◆ It was clarified that the key issue in relation to the possibility of Britain leaving the EU was the uncertainty created in the markets.
- ◆ Members highlighted that the County Council was very prudent in its borrowing, for example, some capital expenditure might be financed by short-term borrowing from the Council's revenue cash balances.

Resolved -

- (a) That the review of the 2016/17 Treasury Management documentation, as appended to the report, be noted.
- (b) That no proposals be referred from this Committee back to the Executive.

172. Programme of Work

Considered -

The report of the Corporate Director - Strategic Resources which invited the Committee to review its programme for 2015/16.

Resolved -

That the Programme of Work be approved, subject to the Audit Committee Members' discussion with the External Auditor being scheduled for 1 December 2016.

173. Internal Audit Work/Internal Control Matters for the Central Services Directorate

Note: During debate, County Councillor Mike Jordan declared an interest as a Member who claimed travelling expenses from the County Council.

Considered -

- (a) The report of the Head of Internal Audit which advised of the internal audit work performed during the year ended 31 January 2016 for the Central Services Directorate and the opinion of the Head of Internal Audit on the systems of internal control in respect of that area.
- (b) The report of the Corporate Director – Strategic Resources which advised of progress against the areas for improvement identified in the Central Services Directorate's Statement of Assurance and provided the latest Risk Register for the Central Services Directorate.

Members questioned County Councillor Carl Les, Richard Flinton, Max Thomas and Michael Leah concerning the issues in the reports.

During debate:-

- ◆ The Head of Internal Audit confirmed that a detailed Business Continuity Policy was now in place but that a further audit was underway to assess how well the arrangements were embedded.
- ◆ Both External Members of the Committee expressed disappointment that County Councillors were not providing sufficient detail on claims submitted using MyView to enable easy verification of claims and easy confirmation that the mileages claimed were reasonable. The Corporate Director – Strategic Resources advised that additional resources had been allocated to check and refer back claims lacking sufficient detail. The Chief Executive commented that the view expressed by the External Members was fair. It was highlighted that Members were expected to retain VAT receipts for fuel for three years. It was also highlighted that Members were expected to state the time at which journeys started, although MyView did not include a field specifically requesting such information. It was report that it was not intended that the MyView software should be re-written. However, it was agreed that correct advice should be provided to Members to assist them in submitting claims containing sufficient detail.
- ◆ The Chief Executive confirmed that the County Council had every intention of publishing the outcome of the LGA Corporate Peer Challenge being conducted 8 – 11 March 2016.
- ◆ An External Member criticised the “wooliness” of the wording of some documents from the Central Services Directorate eg the draft of the previous year’s Central Services Directorate’s Governance Statement and parts of the Statement of Assurance now submitted to the Committee, eg the last two bullet points on page 65. The Chief Executive acknowledged the need for the Central Services Directorate to set standards and explained that the two statements on page 65, to which reference was made, were expectations that the Central Services Directorate would follow.

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 Central Services Directorate is both adequate and effective.
- (b) That the Central Services Directorate’s Statement of Assurance be noted.
- (c) That the latest Risk Register for the Central Services Directorate be noted.

The meeting concluded at 3.40pm.

RAG/JR

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

23 June 2016

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?
23/09/15	146 – Internal Audit Work and related Internal Control Matters for the Health and Adult Services Directorate.	That the Corporate Director – Strategic Directors discuss the timing of the next governance review of the Health and Wellbeing Board and Integrated Commissioning Board with the Assistant Director – Strategic Resources and the Head of Internal Audit.	Awaiting latest set of guidelines for Better Care Fund and on-going discussions with Health. Optimum timing will then be determined. Further developments have taken place in the last few weeks. A verbal update will be provided to the Committee	X
03/12/15	160 – Programme of Work	A seminar to held, to commence at midday on the day of the Committee's meeting in March 2016, to provide a briefing on Procurement and VfM	This seminar will still take place in June	X
03/03/16	169 – Information Governance – Progress Report	That a letter from the Chairman, on behalf of the Committee, be sent to	Letter sent	✓

Date	Minute number and subject	Audit Committee Resolution	Comment	Complete?
		staff at Swaledale House in Colburn and at Belle Vue Square in Skipton to congratulate them on their good practice in relation to information security compliance.		

3.0 TREASURY MANAGEMENT

- 3.1 The overall position remains largely unchanged. Focus is clearly on awaiting the outcome of the EU Referendum which could have a significant impact on the money markets.
- 3.2 as reported to the Executive, there were no breaches of any of the Council's Prudential Indicators in 2015/16

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

23 June 2016

Background Documents: Report to, and Minutes of, Audit Committee meeting held on 3 March 2016

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****23 JUNE 2016****ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT****1.0 PURPOSE OF THE REPORT**

- 1.1 To provide a summary of the internal audit work performed during the year ended 31 March 2016 and to express an opinion on the overall framework of governance, risk management and control in place within the County Council.
- 1.2 To provide Members with details of breaches to Finance, Contract and Property Procedure Rules identified during 2015/16 audit work.
- 1.3 To consider the Internal Audit performance outturn for 2015/16 and the 2016/17 performance targets for Veritau.
- 1.4 To inform Members of the conclusions arising from the Quality Assurance and Improvement Programme.
- 1.5 To approve changes to the County Council's Audit Charter.

2.0 BACKGROUND

- 2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015, relevant professional standards and the County Council's Internal Audit Charter. Since April 2013, the applicable standards for local government have been the Public Sector Internal Audit Standards (PSIAS). These comply with the international standards issued by the Institute of Internal Auditors (IIA). As well as providing a definition of internal auditing, the PSIAS detail the Code of Ethics for internal auditors and provide quality criteria against which performance can be evaluated. Since the standards were adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) has also issued further guidance in the form of an application note. The application note includes a checklist to assist internal audit practitioners to review and update working practices.
- 2.2 To comply with the Standards, the Audit Committee approved an Audit Charter which sets out the purpose, authority and responsibility of internal audit. The Audit Charter also defined certain elements of the internal audit framework including the 'board', 'senior management' and the 'chief audit executive', as follows:

'Board' – was defined as the Audit Committee (given its responsibilities in relation to internal audit standards and activities);

'Senior Management' – was defined as the Corporate Director - Strategic Resources in his role as S151 officer. In addition, senior management may also refer to the Management Board or the Chief Executive and/or any other Corporate Director;

'Chief audit executive' – was defined as the Head of Internal Audit (Veritau).

- 2.3 An updated version of the PSIAS was published in April 2016. The main changes are the inclusion of a mission statement and set of core principles for the operation of internal audit. As a consequence, a number of minor changes are now required to the Internal Audit Charter. The revised Audit Charter with tracked changes is therefore attached as **Appendix 1**.
- 2.4 In accordance with the Standards, the Head of Internal Audit is required to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control operating within the County Council. The Head of Internal Audit should also contribute to the preparation of the Annual Governance Statement by identifying any significant control issues identified during the course of audit work, and report any breaches of the County Council's Finance, Contract and Property Procedure Rules to the Audit Committee.
- 2.5 The Head of Internal Audit is also required to develop and maintain an ongoing quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure that working practices continue to conform to the required professional standards. The results of the QAIP should be reported to senior management and the Audit Committee along with any areas of non-conformance with the Standards. The QAIP consists of various elements, including:
- maintenance of a detailed audit procedures manual and standard operating practices
 - ongoing performance monitoring of internal audit activity
 - regular customer feedback
 - training plans and associated training and development activities
 - periodic self-assessments of internal audit working practices (to evaluate conformance to the Standards).

In addition, a formal external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.

- 2.6 The results of customer feedback and the self-assessment are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan and/or individual personal development action plans.
- 2.7 Audit work was undertaken across all of the County Council's services and activities in accordance with the approved Internal Audit Plan for 2015/16. The findings have been reported to this Committee in accordance with the following cycle:-

June 2015

Children & Young People's Services

September 2015	Health and Adult Services Computer audit, corporate themes and contracts
December 2015	Business and Environmental Services
March 2016	Central Services Counter fraud matters

2.8 In each of the above reports, with the exception of the report on counter fraud matters, the Head of Internal Audit provided an opinion on the control arrangements within the particular functional area or directorate.

3.0 **WORK COMPLETED IN 2015/16**

- 3.1 During 2015/16, Veritau has been responsible for evaluating the adequacy and effectiveness of the County Council's control environment, promoting counter fraud arrangements, and providing advice and making recommendations to management to improve controls and/or to address the poor or inappropriate use of resources. Veritau completed over 95% of the Internal Audit Plan against an agreed performance target of 93%. The overall opinions provided to this Committee, at meetings between June 2015 and March 2016, are detailed in **Appendix 2**.
- 3.2 The results of completed audit work have been reported to the relevant service managers, the Corporate Director – Strategic Resources and the Audit Committee. Audit findings relating to 2015/16, which have not yet been reported to this Committee, will be presented in due course as part of the agreed Audit Committee programme of work. On the basis of the follow up work undertaken during the year, satisfactory progress has been made by management to address identified control weaknesses. Outstanding actions continue to be monitored and in most cases progress is considered to be acceptable.
- 3.3 As previously reported, Veritau has been involved in a number of investigations into suspected fraud and corruption. These investigations have been carried out in response to concerns raised by management or through the whistleblowing reporting system. Further proactive work has also been carried out to address a number of specific fraud risks. The Fraud and Loss Risk Assessment and Whistleblowing Policy were updated during the year and a campaign to raise awareness of the Whistleblowing Policy is currently underway. In addition, Veritau has continued to issue alerts to service managers and schools to draw attention to potential fraud risks and scams.
- 3.4 The Information Governance Team (IGT) co-ordinates all requests for information and provides advice and guidance on the application of information related legislation (including the Data Protection and Freedom of Information Acts). A total of 1,268 FOI requests were received during 2015/16, compared to 1,351 in 2014/15. This represents a decrease of 6% over the previous year but comes after a number of years of growth.
- 3.5 The IGT has also continued to help develop the County Council's information governance policy framework. As the County Council's Senior Information Risk Owner, the Corporate Director – Strategic Resources, has continued to chair the Corporate Information Governance Group (CIGG), which meets on a regular basis.

CIGG has addressed new and emerging issues during the year as well as coordinating the development of the IG policy framework. In addition, Veritau's auditors have continued to undertake unannounced visits to County Council offices and establishments in order to test understanding and compliance with the policy framework. As previously reported, these visits have found a variety of potential data security risks. The results have been reported to CIGG and the relevant management.

- 3.6 To assist in the development and maintenance of the County Council's governance arrangements, Veritau's auditors meet with the S151 Officer, Monitoring Officer and other senior officers on a regular basis to identify and address key governance issues and concerns.

4.0 INTERNAL AUDIT PERFORMANCE MANAGEMENT

- 4.1 Despite the challenging climate, Veritau has continued to deliver cost effective internal audit, counter fraud and information governance services to the County Council and the other member councils together with a number of other public sector bodies. These services continue to be valued by the company's clients particularly at a time of significant change.
- 4.2 The Veritau group achieved a combined operating profit before tax in 2015/16. Investment in new services and initiatives has also continued, particularly in respect of counter fraud. For example, the County Council in partnership with the City of York Council, Ryedale District Council, Richmondshire District Council, Hambleton District Council, and Selby District Council successfully bid for additional government funding to combat fraud. The additional funding is being used for data matching and to investigate social care, council tax/NNDR and procurement related fraud across the partner councils.
- 4.3 **Appendix 3** details performance against the targets set by the County Council for 2015/16. **Appendix 4** sets out the targets for Veritau for 2016/17.

5.0 BREACHES OF FINANCE, CONTRACT AND PROPERTY PROCEDURE RULES

- 5.1 As in previous years, the majority of identified breaches relate to the Contract Procedure Rules. Details of those breaches identified through internal audit work during 2015/16 are shown in **Appendix 5**.
- 5.2 It should be noted that some of the variations in the type and number of breaches identified between the years can be attributed to the fact that audit work will focus on different risk areas each year. In addition, the content of the various Procedure Rules does not remain the same and new rules are introduced whilst others are amended or deleted.
- 5.3 Where breaches are identified, it is usually sufficient to draw the matter to the attention of management for the appropriate remedial action to be taken. If a wider training need is identified this will be addressed accordingly. Finally in those cases where the breach identifies a fundamental weakness/deficiency in the relevant Procedure Rule this will be addressed separately as part of the ongoing review process for all the County Council's Procedure Rules.

5.4 There were no significant breaches of the Finance Procedure Rules although a number of relatively minor breaches were noted. Examples of typical errors included:

- Goods receipts not being checked prior to payment;
- Inappropriate authorisation of orders;
- Excessive delays in raising invoices for supplies / services;
- Ineffective budgetary control procedures and reconciliations not being completed adequately.

5.5 There were no breaches of Property Procedure Rules identified during the year.

6.0 **QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)**

6.1 As noted above, Veritau maintains a quality assurance and improvement programme (QAIP) to ensure that internal audit work is conducted to the required professional standards. As well as undertaking an annual survey of senior management in each client organisation and completing a detailed self assessment to evaluate performance against the Standards, the service was also subject to an external assessment. The assessment was conducted by the South West Audit Partnership (SWAP) and completed in April 2014. The results of the assessment provide evidence to support the QAIP as well as helping to inform the Improvement Action Plan.

6.2 The outcome of the QAIP demonstrates that the service conforms to *International Standards for the Professional Practice of Internal Auditing*. Further details of the QAIP and Improvement Action Plan prepared by Veritau are given in **Appendix 6**.

7.0 **2015/16 AUDIT OPINION**

7.1 As part of the annual report, the Head of Internal Audit is required to provide:

- (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 Head of Internal Audit 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.

7.2 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating within the County Council is that it provides **Substantial Assurance**. There are no qualifications to this opinion. The only

reliance placed on the work of other assurance bodies in reaching this opinion related to computer audit work, which was undertaken on behalf of Veritau by Audit North. In giving this opinion attention is drawn to the following significant control issues, which are considered relevant to the preparation of the 2015/16 Annual Governance Statement:

- **Information security** - further improvements are required to ensure compliance with the County Council's policies for recording, processing, storing and transmitting personal and sensitive information. Whilst the overall governance framework has been strengthened and this area continues to be a focus for management attention, compliance is still not uniform across the Council. Recent audit work has identified some continuing poor practice with the handling of documents and information security. This has included sensitive information being left out in open plan offices, pedestals and cabinets being left unlocked and laptops left unsecured. A number of serious breaches have also occurred during the year including three recent incidents which have needed to be reported to the Information Commissioner's Office. The number and type of breaches suggests further improvement is still required.
- **Children's direct payments** – the audit of this area in 2014/15 was given limited assurance. However, follow up testing has found that very few of the findings from the original audit have been addressed. As a result there are continuing control weaknesses across the system, particularly with respect to the monitoring of payments and the processes for calculating and reconciling payments.

8.0 **RECOMMENDATIONS**

8.1 Members are asked to:-

- (i) note the overall "Substantial Assurance" opinion of the Head of Internal Audit regarding the overall framework of governance, risk management and control operating within the County Council
- (ii) note the outcome of the quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards
- (iii) note the breaches to Contract and Finance Procedure Rules and the actions taken to address these matters.
- (iv) note the performance outturn for 2015/16 and the performance targets for Veritau for 2016/17.
- (v) approve the proposed changes to the Internal Audit Charter

MAX THOMAS
Head of Internal Audit

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

Veritau Ltd
Assurance Services for the Public Sector
County Hall
Northallerton

3 June 2016

North Yorkshire County Council Internal Audit Charter

23 June 2016~~5-December-2014~~

1 Introduction

- 1.1 There is a statutory duty on the County Council to undertake an internal audit of the effectiveness of its risk management, control and governance processes. maintain an adequate and effective internal audit of its accounting records and of its system of internal control. The Accounts and Audit (England) Regulations ~~2015~~2011 also require that internal~~the~~ audit takes into account public sector internal auditing standards or guidance. ~~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 201~~6~~3 CIPFA adopted new-revised 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

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

- approving the release of information arising from audit work to any third party.

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 In line with the PSIAS, the mission of internal audit at the County Council is:

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”

3.2 The County Council requires that the internal audit service aspires to achieve the mission through its overall arrangements for delivery of the service. In aiming to achieve this, the council expects that the service:

- demonstrates integrity
- demonstrates competence and due professional care
- is objective and free from undue influence (independent)
- aligns with the strategies, objectives, and risks of the organisation
- is appropriately positioned and adequately resourced.
- demonstrates quality and continuous improvement.
- communicates effectively.
- provides risk-based assurance.
- is insightful, proactive, and future-focused.
- promotes organisational improvement.

3.21 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.”

3.32 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
 - 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:

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

- 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 mission of internal audit and core principles as set out in the PSIAS and reflected in this charter](#)
- 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.

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

- 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:
- 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:

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

- 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 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.

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.

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

- 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.

OPINIONS ISSUED IN 2015/16

Report	Directorate/Audit Work Area	Opinion	Period Covered
June 2015	Children and Young People's	Substantial	1 June 2014 to 31 May 2015
September 2015	Health and Adult Services	Substantial	1 September 2014 to 31 August 2015
	Computer audit, corporate themes and contracts	Substantial	1 September 2014 to 31 August 2015
December 2015	Business and Environmental Services	Substantial	1 December 2014 to 30 November 2015
March 2016	Central Services	Substantial	1 February 2015 to 31 January 2016
	Counter fraud matters	N/A	1 February 2015 to 31 January 2016

PERFORMANCE TARGETS 2015/16 OUT-TURN

Target		Actual		
Operational Issues				
1	To deliver 93% of the agreed Internal Audit Plan	30 Apr 2016	95.5% of the agreed Internal Audit plan completed	✓
2	To achieve a positive customer satisfaction rating of 95%	31 Mar 2016	100% customer satisfaction	✓
3	To ensure 95% of Priority 1 recommendations made are agreed	31 Mar 2016	100% of Priority 1 recommendations were agreed.	✓
4	To ensure 95% of FOI requests are answered within the Statutory deadline	31 Mar 2016	97.1% of FOI requests received during the year were responded to within the 20 day deadline.	✓

PERFORMANCE TARGETS 2016/17

Target		
Operational Issues		
1	To deliver 93% of the agreed Internal Audit Plan.	30 April 2017
2	To achieve a positive customer satisfaction rating of 95%.	31 March 2017
3	To ensure 95% of Priority 1 recommendations made are agreed.	31 March 2017
4	To ensure 95% of FOI requests are answered within the statutory deadline of 20 working days.	31 March 2017

SIGNIFICANT BREACHES OF CONTRACT PROCEDURE RULES

The following table summarises the breaches of the Council's Contract Procedure Rules, identified by Veritau during 2015/16:

	2015/16	2014/15	2013/14
Quotations not sought or evidence not retained	0	5	3
Quotation/tender opening and recording procedures incorrect	0	1	2
LMS/CP rules waived but no documented or approved case to justify deviation	0	0	0
Failure to consult with Legal Services re contract conditions and signing and/or failure to obtain appropriate approval to proceed with procurement	0	1	0
Lease for equipment entered into without agreement of Finance	0	2	0
Contract not signed and dated by County Council and contractor	0	1	0
No contract in place or key clauses omitted	1	1	0
Correct procurement process not followed or lack of evidence to confirm	2	6	1
Contract expired but not re-tendered or contracts automatically rolled forward	1	0	1
Lowest quotation not selected and selection criteria not documented	0	0	0
Inadequate advertising	0	0	0
Scoring mechanism not indicated or not submitted to Veritau (for recording)	0	3	1
Contracts not stored in accordance with CPRs	0	0	0
No financial checks or other requisite checks	0	0	0
Failure to comply with all aspects of Rule 18	0	0	0

	2015/16	2014/15	2013/14
Yortender not utilised during procurement process	0	1	0
Inadequate contract monitoring	2	1	4
Cost variation forms not completed	0	0	0
Issues identified with the Gateway process	2	0	0
TOTALS	8	22	12

VERITAU

INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

1.0 BackgroundOngoing quality assurance arrangements

Veritau maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with relevant professional standards (specifically the Public Sector Internal Audit Standards). These arrangements include:

- the maintenance of a detailed audit procedures manual
- detailed job descriptions and competency profiles for each internal audit post
- regular performance appraisals
- regular 1:2:1 meetings to monitor progress with audit engagements
- training plans and associated training activities
- the maintenance of training records and training evaluation procedures
- agreement of the objectives, scope and expected timescales for each audit engagement with the client before detailed work commences (audit specification)
- the results of all audit testing work documented using the company's automated working paper system (Galileo)
- file review by an audit manager and sign-off of each stage of the audit process
- post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- performance against agreed quality targets reported to each client on a regular basis.

On an ongoing basis, a sample of completed audit files is also subject to internal peer review by a senior audit manager to confirm quality standards are being maintained. The results of this peer review are documented and any key learning points shared with the internal auditors (and the relevant audit manager) concerned.

The Head of Internal Audit will also be informed of any general areas requiring improvement. Appropriate mitigating action will be taken (for example, increased supervision of individual internal auditors or further training).

Annual self-assessment

On an annual basis, the Head of Internal Audit will seek feedback from each client on the quality of the overall internal audit service. The Head of Internal Audit will also update the PSIAS self assessment checklist and obtain evidence to demonstrate

conformance with the standards. As part of the annual appraisal process, each internal auditor is also required to assess their current skills and knowledge against the competency profile relevant for their role. Where necessary, further training or support will be provided to address any development needs.

The Head of Internal Audit is also a member of various professional networks and obtains information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes.

The results of the annual client survey, PSIAS self-assessment and professional networking are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan and/or individual personal development action plans. The outcomes from this exercise, including details of the Improvement Action Plan are also reported to each client. The results will also be used to evaluate overall conformance with the PSIAS, the results of which are reported to senior management and the board¹ as part of the annual report of the Head of Internal Audit.

External assessment

At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Head of Internal Audit. The outcome of the external assessment also forms part of the overall reporting process to each client (as set out above). Any specific areas identified as requiring further development and/or improvement will be included in the annual Improvement Action Plan for that year.

2.0 Customer Satisfaction Survey – 2016

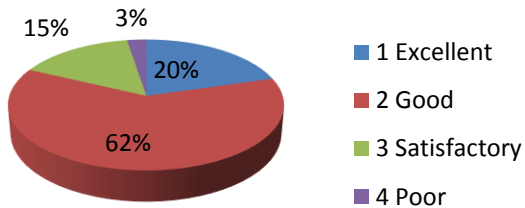
Feedback on the overall quality of the internal audit service provided to each client was obtained in May 2016. Where relevant, the survey also asked questions about the counter fraud and information governance services provided by Veritau. A total of 124 surveys (2015 – 103) were issued to senior managers in client organisations. 41 surveys were returned representing a response rate of 33% (2015 - 32%). The surveys were sent using Survey Monkey so the responses were anonymous. Respondents were asked to rate the different elements of the audit process, as follows:

- Excellent (1)
- Good (2)
- Satisfactory (3)
- Poor (4)

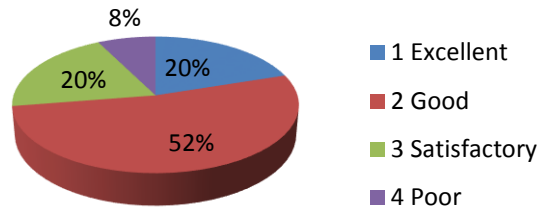
Respondents were also asked to provide an overall rating for the service. The results of the survey are set out in the charts below:

¹ As defined by the relevant audit charter.

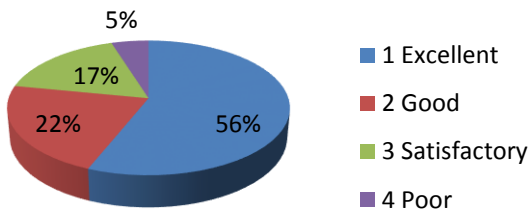
1 The quality of planning and the overall coverage of the audit plan



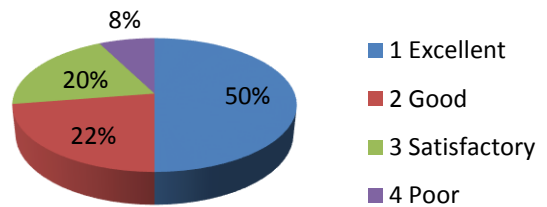
2 The provision of advice and guidance



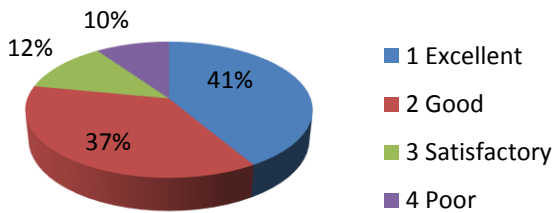
3 The conduct and professionalism of audit staff



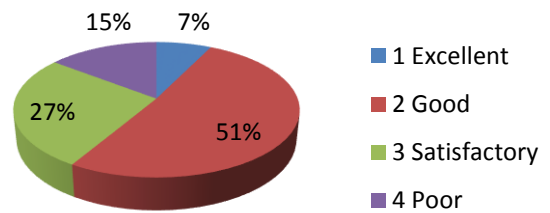
4 The ability of audit staff to provide unbiased and objective opinions



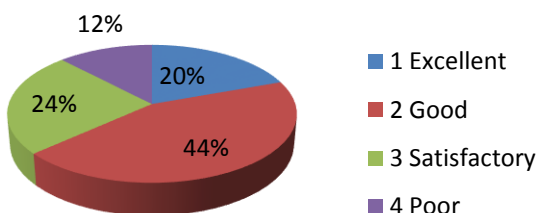
5 The ability of audit staff to establish a positive rapport with customers



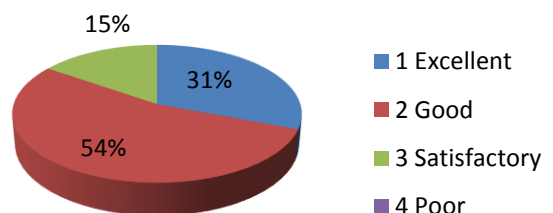
6 The auditors' overall knowledge of the system / service being audited



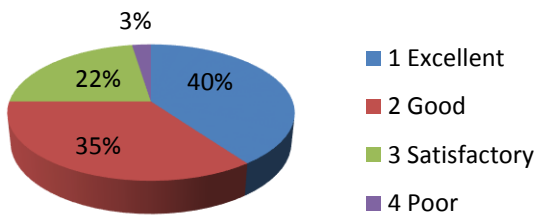
7 The auditors' ability to focus on the areas of greatest risk



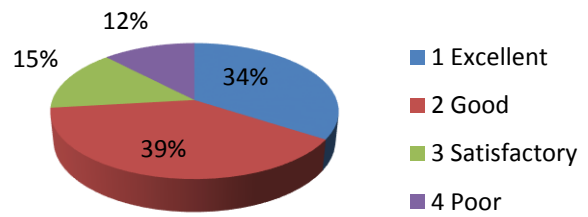
8 Agreeing the scope and objectives of the audit



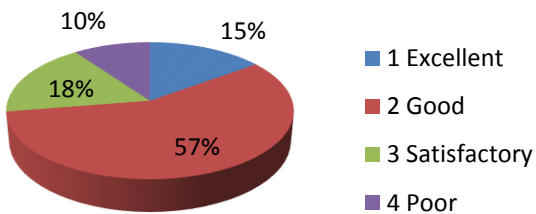
9 The auditors' ability to minimise disruption to the service being audited



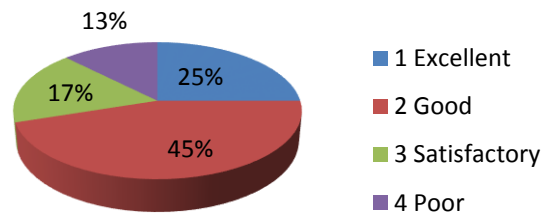
10 The communication of issues found by the auditors during their work



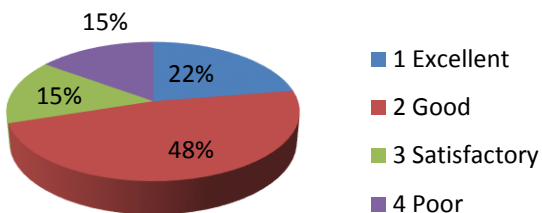
11 The quality of feedback at the end of the audit



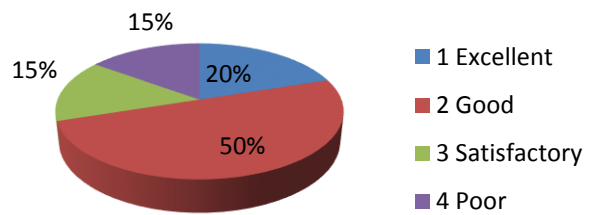
12 The accuracy, format, length and style of audit reports



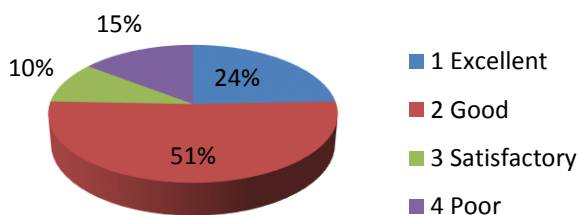
13 The relevance of audit opinions and conclusions



14 The extent to which agreed actions are constructive and practical



Overall rating for the Internal Audit services provided by Veritau



The overall ratings in 2015 were:

Excellent – 8 (27%)

Good – 19 (63%)

Satisfactory – 3 (10%)

Poor – 0 (0%)

The feedback shows that the majority of clients continue to value the service being delivered. A small number of respondents ranked the service as poor but did not provide any further comments or suggestions for improvement.

3.0 Self Assessment Checklist – 2016

The checklist prepared by CIPFA to enable conformance with the PSIAS and the Local Government Application Note to be assessed was originally completed in March 2014. Documentary evidence was provided where current working practices were considered to fully or partially conform to the standards.

In most areas the current working practices were considered to be at standard. However, a few areas of non-conformance were identified. None of the issues identified were however considered to be significant. In addition, in some cases, the existing arrangements were considered appropriate for the circumstances and hence required no further action.

The checklist has been reviewed and updated in 2016. The following areas of non-conformance remain unchanged:

<u>Conformance with Standard</u>	<u>Current Position</u>
Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the Head of Internal Audit?	The Head of Internal Audit's performance appraisal is the responsibility of the board of directors. The results of the annual customer satisfaction survey exercise are however used to inform the appraisal.
Is feedback sought from the chair of the audit committee for the Head of Internal Audit's performance appraisal?	See above
Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the audit committee before the engagement was accepted?	Consultancy services are usually commissioned by the relevant client officer (generally the s151 officer). The scope (and charging arrangements) for any specific engagement will be agreed by the Head of Internal Audit and the relevant client officer. Engagements will not be accepted if there is any actual or

<u>Conformance with Standard</u>	<u>Current Position</u>
	perceived conflict of interest, or which might otherwise be detrimental to the reputation of Veritau.
Does the risk-based plan set out the - (b) respective priorities of those pieces of audit work?	Audit plans detail the work to be carried out and the estimated time requirement. The relative priority of each assignment will be considered before any subsequent changes are made to plans. Any significant changes to the plan will need to be discussed and agreed with the respective client officers (and reported to the audit committee).
Are consulting engagements that have been accepted included in the risk-based plan?	Consulting engagements are commissioned and agreed separately.
Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	Whilst reliance may be placed on other sources of assurances there is no formal process to identify and assess such sources. However, assurance mapping will be used where appropriate and audit plans will highlight where other sources of assurance are being relied upon.

4.0 External Assessment

As noted above, the PSIAS require the Head of Internal Audit to arrange for an external assessment to be conducted at least once every five years to ensure the continued application of professional standards. The assessment is intended to provide an independent and objective opinion on the quality of internal audit practices.

Whilst the new Standards were only adopted in April 2013, the decision was taken to request an assessment at the earliest opportunity in order to provide assurance to our clients. The assessment was conducted by Gerry Cox and Ian Baker from the South West Audit Partnership (SWAP) in April 2014. Both Gerry and Ian are experienced internal audit professionals. The Partnership is a similar local authority controlled company providing internal audit services to over 12 local authorities (including county, unitary and district councils across Somerset, Wiltshire and Dorset).

The assessment consisted of a review of documentary evidence, including the self-assessment, and face to face interviews with a number of senior client officers and Veritau auditors. The assessors also interviewed an audit committee chair.

The conclusion from the external assessment was that working practices conform to the required professional standards. Copies of the detailed assessment report were provided to client organisations and, where appropriate, reported to the relevant audit committee.

5.0 Improvement Action Plan

Last year's quality assurance process identified the following required changes and improvements:

Change / improvement	Progress to date
The standard specification template will be updated to ensure that the expectations on Veritau and the relevant client organisation in terms of access to records and the distribution of reports (including the extent of any duty of care provided to third parties) are fully understood. Where appropriate, information sharing agreements will also be established with client organisations.	Completed. A new specification template has been adopted. Veritau has also signed the multi agency information sharing protocol. As well as its member councils, other signatories include North Yorkshire Police, North Yorkshire Fire and Rescue Authority plus various NHS organisations and housing associations.
Checklists will be provided to assist auditors ensure all stages of the audit process are fully completed on Galileo.	Completed.
Templates for 'non-standard' reports (for example – consultancy, fraud and special assignments) will be developed.	Completed.

The internal peer review has highlighted the need for further training to be provided on sampling and testing. This will be completed by 30 September 2016. No other changes or improvements to working practices have been identified as a result of this year's quality assurance process. To further enhance the overall effectiveness of the service, the Veritau business plan also includes a number of areas for further development, including:

- Preparation of a data analytics strategy
- Further development of in-house technical IT audit expertise
- Increased use of data matching to identify savings / data quality issues
- Development of a fraud awareness e-learning course.

6.0 Overall Conformance with PSIAS (Opinion of the Head of Internal Audit)

Based on the results of the quality assurance process I consider that the service generally conforms to the Public Sector Internal Audit Standards, including the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

The guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards. 'Partially conforms' means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit service from performing its responsibilities in an acceptable manner. 'Does not conform' means the deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit service from performing adequately in all or in significant areas of its responsibilities.

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****23 JUNE 2016****INTERNAL AUDIT PLAN FOR 2016/17****Report of the Head of Internal Audit****1.0 PURPOSE OF THE REPORT**

- 1.1 To seek approval for the planned programme of internal audit work to be undertaken in 2016/17.

2.0 BACKGROUND

- 2.1 In accordance with professional standards¹ and the County Council's Audit Charter, internal audit plans are prepared on the basis of a risk assessment. This is intended to ensure that limited audit resources are prioritised towards those systems and areas which are considered to be the most risky and/or which contribute the most to the achievement of the County Council's corporate priorities and objectives. The plan is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit.

3.0 AUDIT PLAN 2016/17

- 3.1 The Internal Audit Plan for 2016/17 is attached at **Appendix 1**. The Plan details the proposed audits within each directorate or specialist area. The risk assessment process takes account of the County Council's corporate and directorate risk registers, known risk areas (for example areas of concern highlighted by management), the results of recent audit work and other changes in County Council services and systems. The views of senior management across the County Council were canvassed as part of the planning process. The Committee was also given the opportunity to provide comments on the outline plan at its last meeting on 3 March.
- 3.2 The Plan reflects the County Council's priorities for the coming year together with the financial and other pressures it faces. The Plan includes:

¹ As set out in the Public Sector Internal Audit Standards and specific guidance on the application of those standards for local government, issued by CIPFA.

- systems where the volume and value of transactions processed are significant, or where the possible impact of any system failure is high, making the continued operation of regular controls essential;
- areas of known concern, where a review of risks and controls will add value to operations;
- areas of significant change where the audit work may focus on (a) direct support to projects, (b) a review of project management arrangements, or (c) consideration of the impact of those changes on the control environment for example where the reduction in resources may result in fewer controls.

In particular, continued support will be given to the 2020 North Yorkshire programme and individual projects, and ongoing data security compliance.

- 3.3 The Plan also includes IT audit work to be performed by Audit North. The programme focuses on identified risks to the County Council's IT systems, infrastructure and projects. Further details of this work are provided in **appendix 2**.
- 3.4 It is recognised that the Plan will continue to evolve throughout the year to take account of changes in the Council's priorities and risk profile. The Plan should therefore be viewed as a relatively flexible document. Regular progress reports will be presented to the Committee to enable the delivery of the plan to be monitored.

4.0 **RECOMMENDATION**

- 4.1 Members are asked to approve the Internal Audit Plan for 2016/17.

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

MAX THOMAS
Head of Internal Audit
Veritau Limited
County Hall
Northallerton

3 June 2016

Background Documents: None

**NORTH YORKSHIRE COUNTY COUNCIL
INTERNAL AUDIT PLAN – 2016/17**

CORPORATE / CROSS CUTTING	<u>Days</u>
2020 North Yorkshire review of projects	30
<p>To provide advice, guidance and challenge to the 2020 NY programme. The allocation of time may include assurance on overall monitoring and governance arrangements or support to specific work streams and aspects of the programme. We will review a sample of schemes to consider the extent to which 2020 NY procedures, aims and objectives are being delivered.</p>	
2020 Finance	20
<p>To provide advice, guidance and challenge to the programme. We will examine whether the 'new ways of working' are delivering the expected outcomes.</p>	
Data quality	25
<p>A review of the Council's arrangements to ensure data quality in key performance information, including review of a sample of indicators.</p>	
Performance management	20
<p>A review of the effectiveness of the Councils performance management framework.</p>	
Information governance (data breaches)	20
<p>An allocation of time to investigate significant data security incidents and/or provide support to other internal investigations.</p>	
Information governance (data security compliance)	30
<p>A programme of unannounced information security compliance audits. The audits will cover a variety of council premises with a focus on those considered to be high risk.</p>	
Risk management	15
<p>A review of the Council's risk management processes.</p>	
Payroll / HR	20
<p>A review of payroll / HR controls and processing. We will use the IDEA data analysis tool to focus on a number of key risk areas.</p>	
Leaver process	20

A cross cutting review of processes that take place when a member of staff leaves or moves post. The review will examine processes other than salary payments including IT access, the control of physical assets and access to premises.

Insight performance dashboard **15**

A review of the extent to which this system is being used to manage team performance and the arrangements for ensuring quality of data.

Employment documentation **15**

A review of the effectiveness of the controls in place to ensure employment record keeping is complete and effectively supports occupational health, disciplinary and other relevant HR processes.

IDEA data analytics and data matching **10**

An allowance of time to undertake data matching and analytics to review large scale data sets to improve data quality and to identify data inconsistencies

Total – Corporate / Cross cutting	240
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HEALTH AND ADULT SERVICES	<u>Days</u>
Liquid Logic and ContrOCC	25
<p>The audit will review a sample of key controls in the Liquid Logic and ContrOCC systems. We will also review the key controls in respect of the new Provider Portal which is scheduled to be introduced in late 2016.</p>	
Liquid Logic and ContrOCC (post implementation review)	15
<p>To consider the extent to which the introduction of these two systems has met the original business aims and objectives of the Council and whether there are any 'lessons to learn' for HAS and the wider Council.</p>	
Direct payments	30
<p>A review of the systems and procedures put in place by the Council to ensure Direct Payment Agreements are managed in line with the Council's approved policies. This will include a review of the management of the risks around Direct Payments.</p>	
Court of Protection	25
<p>A review of the effectiveness of the key controls in place to manage the Court of Protection risk areas.</p>	
Financial assessments	15
<p>A review of the effectiveness of the key controls in place for Financial Assessments, and their relationship with the wider social care assessment processes.</p>	
Residential care homes	30
<p>To work closely with officers to develop the Council's internal control arrangements for managing and safeguarding the financial affairs of service users. To provide support and ad-hoc guidance to officers on specific cases involving financial matters. The allocation of time will also include visits to at least 6 care providers (both external and Council operated) to provide assurance that appropriate financial controls are in place and operating effectively.</p>	
Best practice and benchmark review	20
<p>To select an area (agreed with HAS management) to review the practices and processes that ensure best value and assess quality of performance.</p>	

Continuing healthcare **20**

To review the processes and controls in respect of the Council's responsibilities towards Continuing Healthcare.

New models of care **15**

A review of the Harrogate Vanguard scheme to identify what worked well and any 'lessons to learn' for future collaboration with the NHS.

Public health **20**

A review of the effectiveness of the arrangements in place to deliver Public Health outcomes in North Yorkshire. The specific scope to be agreed with management as part of planning for the audit.

Total – Health and Adult Services	215
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BUSINESS AND ENVIRONMENTAL SERVICES	<u>Days</u>
<p>Highways maintenance contract</p> <p>A review of the key risk areas in respect of the highways maintenance contract with Ringway. The audit will include follow up of previously agreed actions.</p>	25
<p>Allerton Waste Recovery Park</p> <p>A review of the developing arrangements and management of key risks for the Allerton Waste Recovery Park scheme.</p>	20
<p>Integrated passenger transport</p> <p>A review of the controls and processes associated with the delivery of public transport provision.</p>	20
<p>Bus subsidy</p> <p>A review of the management of the key risks in the delivery of the Bus Subsidy strategy. We will specifically review Community Transport Services.</p>	20
Total – Business and Environmental Services	85

CENTRAL SERVICES	<u>Days</u>
<p>Business continuity and disaster recovery</p> <p>A review of the Council's business continuity and disaster recovery arrangements. The audit will follow up findings from previous audits.</p>	15
<p>Local Welfare Assistance scheme</p> <p>A review of the management arrangements in place to ensure the scheme delivers the intended aims and objectives and to minimise the risks of fraud.</p>	15
<p>Resettlement of refugees</p> <p>NYCC is the accountable body for monies being received from central government to help house and resettle refugees. We will review the effectiveness of the Council's plans and management arrangements for the scheme.</p>	15
<p>Payment Card Industry Data Security Standard</p> <p>To review the arrangements the Council has in place to comply with the requirements of PCI DSS.</p>	15
<p>Main accounting</p> <p>A review of the arrangements for managing and maintaining the financial ledger.</p>	25
<p>Budgetary preparation and management</p> <p>A review of recently implemented budget preparation processes and the systems for budget monitoring and reporting. The new processes should be embedded within the authority and the audit will test the robustness of the new arrangements.</p>	25
<p>Creditors</p> <p>The audit will include a review of the new P2P processes and the roll-out of the system. In addition it will review any other systems in place to process creditor payments. The controls in place for managing changes to supplier's bank details will also be examined.</p>	25

Debtors and Income Management System

30

A review of the systems for raising debtor invoices and the arrangements for debt recovery. The audit will include a review of HAS debts to fully understand the possible causal factors that have contributed to problems in the recovery of outstanding debts.

Total – Central Services	165
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CHILDREN AND YOUNG PEOPLE'S SERVICES	<u>Days</u>
Catering service	20
A review of the adequacy and efficiency of the current arrangements for submitting timesheets and the impact of services changes as a result of the service review following the last audit.	
High Needs SEN	25
The Children and Families Act introduced new arrangements for assessing and supporting children with special educational needs and disabilities. This audit will review the controls and processes associated with SEN provision following these changes and the implementation of a new funding methodology. The audit will include a review of high needs funding arrangements.	
Post 16 education	20
To provide assurance that post 16 funding has been allocated and applied in accordance with funding requirements	
Direct payments - follow up	12
A review of the systems and procedures put in place by the County Council to monitor direct payment agreements for children and young people. The scope of the audit will specifically include monitoring, review and follow up procedures.	
Free school meals data match	30
An exercise using Interactive Data Extraction and Analysis Tool (IDEA) to match district council benefits data to free school meal entitlement to identify potential non-claimers. Identification of additional entitlement will increase pupil premium funding for schools.	
Schools Financial Value Standard (SFVS)	12
Provision to review the returns made by schools and to undertake any necessary follow up.	
Schools themed audits	65
Provision for 3 themed audits. Visits will be made to a number of schools to review their practices in each of the chosen areas with the aim of producing good practice guidance. Themed audits will cover information governance, income and lettings, and budget management. There will also be a small additional allowance for visits to individual schools with known issues.	

Audit support and advice to schools**30**

An allocation of time to respond to requests for advice and support from schools.

Total – Children and Young People’s Services	214
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COMPUTER AUDIT**Days**

Programme of IT audits developed in consultation with Audit North (see separate IT audit plan).

90

Provision to provide support and advice on IT audit matters.

10

Total – Computer Audit

100

PROCUREMENT AND CONTRACT AUDIT	<u>Days</u>
Membership of Procurement Operational Group	5
An allocation of time to attend and support meetings of the Procurement Operational Group.	
Support to the development of the Procurement Strategic Action Plan	10
To provide advice, guidance and challenge to the development and implementation of the procurement strategic action plan.	
Specific procurement and contract management based reviews	70
An allocation of time to undertake individual procurement and contract management reviews.	
Total – Procurement and Contract Audit	85

NORTH YORKSHIRE PENSION FUND**Days****Altair System****10**

To provide assurance that the design of controls maintains the confidentiality, integrity and availability of information processed.

Pension Fund Investments**10**

The audit will examine the controls in respect of Pension Fund investments

Pension Fund Income**15**

The audit will review the processes in place for the collection of income from member organisations and the information provided to enable the calculation of benefits under the various schemes

Pension Fund Expenditure**15**

The audit will review the processes for paying pensions, in particular reviewing payment of new pensions and changes to pension entitlement

Total – North Yorkshire Pension Fund

50

COUNTER FRAUD AND CORRUPTION

Days

An allocation of time to support the provision of counter fraud services, including:

300

Data Matching

Provision to coordinate data submission, check data validity, assess referrals, and investigate potential frauds in relation to the National Fraud Initiative (NFI) and other local data matching exercises.

Fraud Awareness

Provision to deliver an overall programme of work to raise awareness of fraud issues. Activities include targeted fraud awareness training and organising counter fraud publicity (both internal and external).

Fraud Detection and Investigation

Provision to undertake investigations into suspected fraud, corruption or other wrongdoing. Examples of the types of investigation work that may be undertaken include internal, procurement and social care related fraud.

Other Counter Fraud Related Work

Provision to provide other counter fraud and corruption work including:

- review of council counter fraud arrangements and policies
- the provision of support and advice to directorates in relation to fraud issues
- reporting on outcomes from counter fraud work.

Total – Counter Fraud and Corruption

300

INFORMATION GOVERNANCE**Days**

An allocation of time to support the provision of Information Governance services, including:

612

- the co-ordination of responses to Data Protection and Freedom of Information requests
- monitoring compliance with DP and FoI requirements
- assisting in the development and implementation of the Information Governance policy framework

Total – Information Governance**612**

OTHER CHARGEABLE AUDIT WORK	<u>Days</u>
Follow up	30
Provision to follow up previously agreed audit recommendations.	
Corporate governance strategy	5
An allocation of time to support the development of the Council's corporate governance arrangements and the preparation of the Annual Governance Statement. The time allocation includes attendance at meetings of the Corporate Governance Officer Group.	
Audit planning	12
A provision of time for the preparation of the Annual Audit Plan. Corporate Directors and service managers will be consulted as part of the planning process.	
Audit support, advice and liaison	30
Provision to provide ongoing advice and support on the design, implementation and operation of appropriate controls and for the overall management of audit work in each directorate.	
External audit liaison	3
Ongoing liaison with the external auditors to avoid duplication of effort and to maximise the overall benefit of the audit services provided to the County Council.	
Audit Committee	36
A provision of time to prepare and present reports on internal audit and governance related work undertaken during the financial year. The reports will be presented in accordance with the agreed timetable of the Audit Committee. Time is also included to provide training to Members of the Audit Committee as and when required.	
Contingency	30
Provision to undertake additional work in response to:	
<ul style="list-style-type: none"> • specific requests from the Corporate Director – Strategic Resources (the S151 Officer) or other chief officers • new or previously unidentified risks which impact on Audit Plan priorities • significant changes in legislation, systems or service delivery 	

arrangements

- requests from customers to audit specific services, systems or activities usually as a result of weaknesses in controls or processes being identified by management
- urgent or otherwise unplanned work arising from investigations into information breaches or suspected frauds which identify potential control risks.

Total – Other Chargeable Audit Work	136
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SUMMARY OF AUDIT DAYS 2014/15 - 2016/17

Audit Area	2016/17	2015/16	2014/15
Corporate	240	180	290
Health and Adult Services	215	205	130
Business & Environmental Services	85	100	85
Central Services	165	185	125
Children & Young People's Services	214	240	445
Computer Audit	100	100	100
Procurement and Contract Audit	85	90	85
Pension Fund	50	50	50
Counter Fraud & Corruption	300	310	330
Information Governance	612	700	745
Other Chargeable Audit Work	136	158	185
Non Audit Duties	---	---	10
TOTAL DAYS	2202	2318	2580

NORTH YORKSHIRE COUNTY COUNCIL - IT AUDIT PLAN 2016/17

Plan segment	Area heading	Scope	Background	Associated risks	Last audited	Last assurance level	Deliverables	Audit yr	Days
IT Systems and Projects	Manage Projects: North Yorkshire 2020 Benefits Management	To provide timely assurance on the benefits management aspects of the IT elements of the programme in accordance with best practice methodology.	Key programme that will be implemented across the Council to achieve cost savings. Oversight will be provided to the IT projects within the programme.	Failure to adequately control projects leading to potential non delivery of project objectives	N/A	N/A	Internal Audit report	16/17	10
	Ensure system security Key system general controls: Symology Liquid Logic	To provide assurance that the design of controls maintains the confidentiality, integrity and availability of information processed.	Review critical systems for Council to ensure audit coverage	<ul style="list-style-type: none"> Loss of data System availability Unauthorised system access Unauthorised access to sensitive data 	2013 2013	Substantial Substantial	Internal Audit report	16/17	12 12
	IT Security Incident Management	To provide assurance on the controls in place for managing IT security related problems and incidents.	Due to the increasing threat from cyber security attacks NYCC needs to ensure that it has appropriate controls in place to react and manage an incident.	<ul style="list-style-type: none"> Disruption to operations/activities Loss of data Unauthorised access to systems and information Compromise of network security 	N/A	N/A	Internal Audit report	16/17	12
	IT Network and Server Operational Management	To provide assurance that the design of controls in respect of network and server management is adequate to maintain the confidentiality, integrity and availability of network services.	Essential activities for maintaining the server estate, which underpins provision of key business systems and operations to ensure business as usual.	<ul style="list-style-type: none"> Loss of data System availability Unauthorised access Malware propagation Loss of network services 	2013	Substantial	Internal Audit Report	16/17	12



Maintaining an effective control framework



North Yorkshire County Council 2015/16

North Yorkshire Pension Fund 2015/16

Contents

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in connection with this
report are:**

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This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Rashpal Khangura the engagement lead to the Council, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 694 8981, or by email to andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.



This document summarises the key findings arising from our work to date in relation to the audit of the Council's and the Pension Fund's 2015/16 financial statements and the 2015/16 VFM conclusion.

Scope of this report

This report summarises the key findings arising from:

- Our interim audit work at North Yorkshire County Council ('the Council') in relation to the Council's 2015/16 financial statements;
- Our interim audit work at North Yorkshire Pension Fund ('the Pension Fund') in relation to the Pension Fund's 2015/16 financial statements; and
- Our work to support our 2015/16 value for money (VFM) conclusion to the Council, up to April 2016.

Financial statements

Our *External Audit Plan 2015/16*, presented to you in March 2016, set out the four stages of our financial statements audit process.

During March and April 2016 we completed our planning and control evaluation work. This covered:

- Review of the Council's overall organisational control environment, including the controls operating over the key Council's IT systems;
- Testing of certain controls over the Council's key financial systems; and
- Review of the Council's accounts production process, and the specific risk areas we have identified for this year.

VFM conclusion

Our *External Audit Plan 2015/16* explained our risk-based approach to VFM work, which is supported by the Code of Audit Practice, published by the NAO in April 2015. We have completed some early work to support our 2015/16 VFM conclusion. This included:

- Assessing the potential VFM risks, and identifying the residual audit risks for our VFM conclusion;
- Considering the results of any relevant work by the Council, other inspectorates and review agencies in relation to these risk areas; and
- Identifying the additional risk-based work we will need to complete.

Structure of this report

This report is structured as follows:

- Section 2 summarises the headline messages.
- Section 3 sets out our key findings from our interim audit work in relation to the 2015/16 financial statements.
- Section 4 outlines our key findings from our work on the VFM conclusion.

Our recommendations are included in Appendix 1.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their help and co-operation through our audit work.



This table summarises the headline messages. The remainder of this report provides further details on each area.

<p>Organisational and IT control environment – Council and Pension Fund</p>	<p>Our work has confirmed that the Council and Pension Fund's organisational and IT control environments are designed effectively and provided assurance that the environments support the production of materially correct financial statements.</p> <p>In addition to our routine audit work, we undertook specific work to gain assurance over the implementation of the Council's new financial system, including the transfer of balances from the old system to the new one.</p>
<p>Controls over key financial systems - Council</p>	<p>Our testing of relevant controls we identified in relation to payroll, business rates income and council tax income provided assurance over the material correctness of the transactions. Our work over the Council's non-pay expenditure is designed to utilise data and analytics techniques, and does not involve testing key controls. We have not yet assessed the controls over the Council's pension liabilities and its property plant and equipment balance, as many of the key controls in respect of these areas are operated during the closedown process.</p> <p>Our testing of the bank reconciliation process identified that the controls could be strengthened by implementing a clearly documented management review of the completed monthly reconciliation.</p>
<p>Controls over key financial systems – Pension Fund</p>	<p>Our testing of relevant controls we identified in relation to investment assets, benefits payable and contributions receivable provided assurance over the material correctness of the transactions. Our testing of the reconciliation to the general ledger for investment assets and contributions receivable will be undertaken at the final audit visit as these reconciliations are only undertaken as part of the year end closedown process.</p> <p>We were unable to complete our testing of the Pension Fund bank reconciliation as the information we required had not been provided by officers at the time of our visit.</p>
<p>Other financial controls and processes</p>	<p>Our testing of the Council's budget setting and monitoring process provided assurance that material errors would be detected and corrected.</p> <p>Our testing of the controls operating over the Council and Pension Fund journal transfers identified that there is no independent authorisation of journals, and that all officers with relevant access can post and authorise journals of any value.</p>
<p>Accounts production</p>	<p>Our review and testing of the Council's overall process for preparing the financial statements provides assurance that the process is effectively designed, and likely to produce financial statements that are materially correct.</p>



<p>This table summarises the headline messages. The remainder of this report provides further details on each area.</p>	<p>Specific risk areas for the Council and Pension Fund</p>	<p>Our audit plan identified the following specific risk areas for the Council and Pension Fund:</p> <ul style="list-style-type: none"> — New financial system (Council and Pension Fund); and — Possible impairment of PPE due to flooding (Council only). <p>Our work to date over these areas has provided assurance that:</p> <ul style="list-style-type: none"> — The balances in the previous financial system have been fully and accurately transferred across to the new financial system; and — No material issues have been identified that impacts on the Council's ability to produce materially correct financial statements. — The Council has considered the impact of the flooding on the value of its land, buildings and infrastructure assets, and understands the accounting requirements which would be necessary in the financial statements should there be any impairments required. We will complete our testing over this risk area during our final audit visit.
	<p>VFM conclusion audit work</p>	<p>We have completed our VFM conclusion risk assessment work and have not identified any specific significant VFM risks.</p> <p>In carrying out this assessment we have taken into account the Council's response to the financial challenges that it faces, including the North Yorkshire 2020 council plan, and the progress with the recent Local Government Association peer review.</p> <p>We will revisit that assessment work during our final audit visit to ensure that our conclusions remain valid.</p>



Our work has confirmed that the Council and Pension Fund’s organisational and IT control environments are designed effectively and provided assurance that the environments support the production of materially correct financial statements.

Work completed

Controls operated at an organisational level often have an impact on controls at an operational level. Weaknesses in the overall organisational level are often pervasive through the financial statements, and this would have implications for our audit.

We obtained an understanding of the Council and Pension Fund’s organisational control environments and evaluated whether these controls have been designed effectively.

The Council and Pension Fund relies on information technology (IT) to support both financial reporting and internal control processes. In order to satisfy ourselves that we can rely on the use of IT, we test controls over access to systems and data, system changes, system development and computer operations.

The Council and Pension Fund introduced a new financial system from the beginning of the 2015/16 financial year. We identified this as a specific audit risk in our Audit Plan, and undertook specific work on the implementation of this new system, including the transfer of balances from the old to the new system.

Key findings

Based on our testing undertaken we have gained assurance that the Council and Pension Fund organisational and IT control environments are designed effectively to support the production of financial statements that are free from material mis-statement. The table on this page summarises our results over each element of the environment.

Our testing on the implementation of the new financial system has provided assurance that:

- Balances were transferred completely and accurately from the old financial system to the new system; and
- No other significant issues have been identified that impact on the material accuracy of the Council or Pension Fund financial statements.

Aspect	Assessment
Organisational controls:	
Management philosophy and operating style	3
Culture of honesty and ethical behaviour	3
Oversight by ‘those charged with governance’	3
Risk assessment process	3
Communications	3
Monitoring of controls	3
IT controls:	
Password parameters	3
Control over ‘Super Users’	3
Control over user access	3
Change control procedures	3

- Key:
- 1 Significant gaps in the control environment.
 - 2 Deficiencies in respect of individual controls.
 - 3 Generally sound control environment.

Controls over key financial systems - Council



Our testing of relevant controls we identified in relation to payroll, business rates income and council tax income provided assurance over the material correctness of the transactions.

Our testing of the bank reconciliation process identified that the controls could be strengthened by implementing a clearly documented management review of the completed monthly reconciliation.

Work completed

Where we have determined that this is the most efficient audit approach to take, we identify relevant financial systems, evaluate the design and implementation of key controls that address key risks within these systems and then test these controls. The results from this work informs our substantive testing which we complete during our final audit visit.

Our assessment of a system will not always be in line with your internal auditors' opinion on that system. This is because our focus is solely on the controls to prevent and detect material errors in the financial statements.

Key findings

Based on the work undertaken to date, our testing has provided assurance that the majority of the key controls in the systems tested would support the production of material correct financial statements. The table on this page summarises our assessment.

Our testing of the controls over the Council's cash and bank balance focuses on the bank reconciliation process. Our testing covered the Council's reconciliations of its County Fund, Resourcelink and General accounts.

During our work, officers brought to our attention some issues they had identified with the County Fund reconciliation, following the implementation of new cash collection systems in October 2015. These changes led to issues with the automated matching of income received to the correct general ledger code, resulting in a large backlog of unmatched items. Following extensive work by officers over the last few months of the financial year, this issue has now been fully resolved. Our review of the March 2016 reconciliation while we were on site confirmed that the backlog of unmatched items had now been cleared.

Our review of the controls operating over the bank reconciliation process identified that the controls could be strengthened by

implementing a clearly documented management review of the reconciliation and evidencing both the preparation and review of the reconciliation.

No weaknesses were identified from our testing of the relevant controls we identified in relation to payroll, business rates income and council tax income.

We have not yet assessed the controls over the Council's pension liabilities and property plant and equipment balances. The key controls in respect of these areas are operated during the closedown process and our testing will be carried out during our final audit visit.

For the Council's non-pay expenditure, our approach is to gain assurance by undertaking detailed data and analytics work to substantively test the entire population, rather than undertake controls testing.

Financial system	Assessment
Property, Plant and Equipment	TBC
Cash and Cash Equivalents	2
Pension Assets and Liabilities	TBC
Non pay expenditure	N/A
Payroll	3
Business rates income	3
Council tax income	3

- Key:
- 1 Significant gaps in the control environment.
 - 2 Deficiencies in respect of individual controls
 - 3 Generally sound control environment

Controls over key financial systems – Pension Fund



Our testing of relevant controls we identified in relation to investment assets, benefits payable and contributions receivable provided assurance over the material correctness of the transactions.

We were unable to complete our testing of the Pension Fund bank reconciliation as the information we required had not been provided by officers at the time of our visit.

Work completed

Where we have determined that this is the most efficient audit approach to take, we identify relevant financial systems, evaluate the design and implementation of key controls that address key risks within these systems and then test these controls. The results from this work informs our substantive testing which we complete during our final audit visit.

Key findings

Based on the work undertaken to date, our testing has provided assurance that the majority of the key controls in the systems tested would support the production of material correct financial statements. The table on this page summarises our assessment.

No weaknesses were identified from our testing of the relevant controls we identified in relation to:

- Investment assets;
- Benefits payable; and
- Contributions receivable.

For the investment assets and contributions receivable systems, a year end reconciliation to the general ledger is undertaken as part of the pension fund closedown procedures. We will therefore review and test these reconciliations in detail as part of our audit work on the financial statements.

We have not yet completed our controls testing over the Pension Fund cash and bank balances. We have discussed the processes in place with officers, but have not been provided with copies of completed reconciliations that we need to undertake our testing.

We will review and test the year end bank reconciliation along with the in-year reconciliations in detail during our final audit visit.

Financial system	Assessment
Cash and Cash Equivalents	TBC
Investment assets	3
Benefits payable	3
Contributions receivable	3

- Key:
- 1 Significant gaps in the control environment.
 - 2 Deficiencies in respect of individual controls
 - 3 Generally sound control environment

Other financial controls and processes – Council and Pension Fund



Our testing of the Council's budget setting and monitoring process provided assurance that material errors would be detected and corrected.

Our testing of the controls operating over the Council and Pension Fund journal transfers identified that there is no independent authorisation of journals, and that all officers with relevant access can post and authorise journals of any value.

Work completed

The Council and Pension Fund rely on other key financial controls to provide assurance over the integrity and completeness of the data in its financial systems. These controls include its monitoring of spending against the budget and restrictions around the use of adjustment journals within the general ledger.

As part of our procedures we review both of these areas.

- For journals this involves understanding and testing the controls over journal entry and review/authorisation.
- For budget monitoring, we test the key controls that operate over setting the budget and monitoring and reporting the corresponding spending.

Key findings

Journals – Council and Pension Fund

Due to officer availability during our interim visit, we were not able to obtain a listing of journal transfers in order to complete our testing.

From our evaluation of the controls in place, we have identified a weakness in the controls over journal authorisation which increases the risk that incorrect journal transfers are processed, leading to material errors in the financial statements.

There is no independent authorisation of journal transfers. The Council's process is that the creator of the journal inputs and approves the transfer themselves. In addition all officers with the relevant access to the general ledger system can create and post journals of any value, as there is no 'value hierarchy' built into the system.

Officers consider that the monitoring and reporting of spending against the budget provides a compensating control, and officers have reported that all journals with a value of over £3m will be reviewed at the year end to provide additional assurance.

Where controls are found to be operating effectively, our audit approach to journal transfers focuses on the year-end closedown journals. However, the impact of the weakness in the Council's journals control framework is that we will need to carry out more substantive testing of the journals processed during the year to provide assurance over the material accuracy of the journal transfers. This work will be completed during our final audit visit.

Budgetary Control - Council

Following the implementation of the new financial system, the Council has begun implementing developed financial management arrangements during 2015/16. Budget holders are able to, and are encouraged to, access real-time budget and spending data whenever they need to, enabling a self-service approach to budget monitoring. At the time of our review this process was still being embedded, and training on this system functionality was still being provided.

Established timetables are in place for reporting spending against budgets at service, directorate and council level which enable regular and routine challenge and accountability.,

From our testing we are content that the setting of the Council's budget, and the monitoring and reporting of spending against the budget through the year provides assurance to us that material errors in the financial statements would be identified and corrected.

Financial control/ process	Assessment
Journal processes	2
Budgetary Control	3

- Key:
- 1 Significant gaps in the control environment.
 - 2 Deficiencies in respect of individual controls
 - 3 Generally sound control environment

Audit requirements and accounts production process and risk assessment – Council and Pension Fund

Our review and testing of the Council's overall process for preparing the financial statements provides assurance that the process is effectively designed, and likely to produce financial statements that are materially correct.

Audit requirements and accounts production process

We issued our interim 'Prepared by Client' working paper requests for the Council and the Pension Fund in February and March respectively. These documents set out our audit approach and timetable. They also summarise the working papers and other evidence we require the Council and Pension Fund to provide to support our audit work.

We will issue separate requests for the working papers we require officers to provide for our year end final accounts visit.

During our interim visit we documented our understanding of the Council and Pension Fund accounts production process, including a review of the closedown procedures and timetable for the 2015/16 statement of accounts.

Key findings

The 'Prepared by Client' request is new to Council officers, but we are happy with how it has been received. Although at our interim visit some working papers were not available and the corresponding audit work was not completed, the majority of the papers were presented, and we have established a good positive working relationship with the Council finance staff.

We believe it will contribute to an efficient audit of the financial statements, minimising the disruption of Council finance staff from the final audit processes.

From our review of the Council closedown procedures and its plan to produce the financial statements we are satisfied that there are no issues to raise. Although the accounting requirements for 2015/16 do not contain significant changes from 2014/15, this will be the first year of closing down the new financial system and producing a trial balance, and this presents additional challenges for the Council.

During this first year of our audit appointment we expect there to be differences in our approach to your previous auditor, and we are working to also obtain a better understanding of your working practices, to ensure that future audits are effective and streamlined and minimise disruption to the Council finance staff.

We will continue to discuss the audit process with officers, including a post-final audit meeting with key finance staff, to determine what lessons can be learnt and improvements made where necessary for the following year's audit.

Specific audit risk areas – Council and Pension Fund



The Council and Pension Fund have a good understanding of the key audit risk areas we identified and are making progress in addressing them.

We will revisit these areas during our final audit visit.

Financial statements risks

In our External Audit Plan 2015/16, presented to you in February, we identified the key audit risks affecting the Council's 2015/16 financial statements. These are as follows:

- New financial systems (Council and Pension Fund); and
- Impairment of PPE due to flooding (Council only).

Work completed

Our audit strategy and plan remain flexible as risks and issues change throughout the year. To date, based on our discussions and audit work, there are no changes to the risks previously communicated to you.

We have been discussing these two risk areas with officers as part of our regular meetings. In addition, we sought to review relevant workings and evidence and agree the accounting treatment as part of our interim work.

Key findings

New financial system

We have discussed in detail the processes that the Council and Pension Fund undertook to plan for, and then introduce, the new financial systems.

The practical implementation is still ongoing as the Council and Pension Fund continue to introduce devolved real-time budget monitoring, and plan to implement a new accounts payable process during 2016/17.

Our IT audit work reported on page 6, and our other enquiries, have not identified any issues to date, and we are satisfied that we have the assurance we had planned for, that the new system will

support financial statements that are free from material errors.

Impairment of PPE due to flooding

Our work to date has confirmed that the Council's infrastructure assets are correctly held at historical cost and depreciated.

An assessment of impairments is carried out at the year end, but the Council has reported to us during our interim visit that the damage to properties and infrastructure due to the flooding in December 2015 has been minimal, and mostly affects roads and bridges. A working paper summarising the costs associated with the flood damage to infrastructure will be prepared as part of the year end closedown procedures.

Our work on the Council's impairment considerations any consequential impact on the financial statements will be concluded at our final audit visit.

The Council is content that all affected assets are insured, and it expects any financial impact to the Council to not be significant. Officers have reported that they are aware that funding is available for costs associated with flooding from the central government Bellwin scheme, subject to relevant thresholds applied to each event.

VFM audit approach



Our VFM conclusion considers how the Council secures financial resilience and challenges how it secures economy, efficiency and effectiveness.

We follow a risk based approach to target audit effort on the areas of greatest audit risk.

Our External Audit Plan 2015/16 describes in more detail how the VFM audit approach operates.

Background to approach to VFM work

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

The VFM approach is fundamentally unchanged from that adopted in 2014/2015 and the process is shown in the diagram below. However, the previous two specified reporting criteria (financial

resilience and economy, efficiency and effectiveness) have been replaced with a single criteria supported by three sub-criteria.

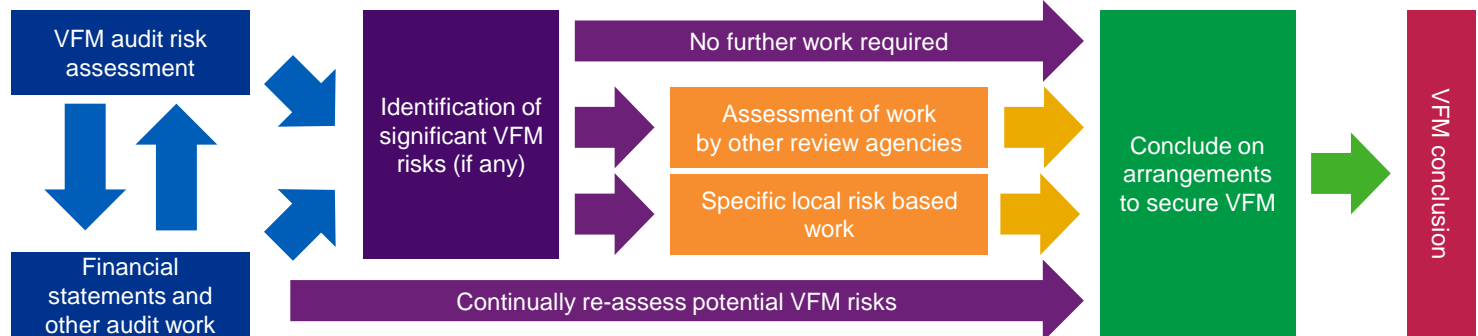
These sub-criteria provide a focus to our VFM work at the Council.

Overview of the VFM audit approach

The key elements of the VFM audit approach are summarised below.

Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.



Section four – VFM conclusion

Specific VFM risks

We have completed our VFM conclusion risk assessment work and have not identified any specific significant VFM risks.

We will revisit that assessment work during our final audit visit to ensure that our conclusions remain valid.

Work completed

In line with the risk-based approach set out on the previous page, we have

- Assessed the Council's key business risks which are relevant to our VFM conclusion;
- Identified the residual audit risks for our VFM conclusion, taking account of work undertaken in previous years or as part of our financial statements audit;
- Considered the results of relevant work by the Council, other inspectorates and review agencies in relation to these risk areas; and
- Concluded to what extent we need to carry out additional risk-based work.

Key findings

We have completed our initial VFM risk assessment and have not identified any key issues.

In concluding on the absence of any significant risks we have taken into account the Council's response to the financial challenges that it faces, including the North Yorkshire 2020 council plan, and the progress with the recent Local Government Association peer review.

We will update our assessment throughout the year.

We will report our final conclusions in our *ISA 260 Report 2015/16* at the conclusion of our audit.

Key issues and recommendations

We have raised two recommendations from our work.

The Council has accepted one recommendation and reports that it has addressed that weakness with immediate effect. The Council is satisfied that a compensating control mitigates the risks presented by the second recommendation and we have accepted this response.

We have given each recommendation a risk rating and agreed what action management will need to take.

The Council should closely monitor progress in addressing specific risks and implementing our recommendations.

We will formally follow up implementation of our recommendations next year.

Priority rating for recommendations		
<p>1 <i>Priority one:</i> Issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p>	<p>2 <i>Priority two:</i> Issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>3 <i>Priority three:</i> Issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

No.	Risk	Issue and recommendation	Management response/responsible officer/due date
1	2	<p>Although through discussion with officers we are satisfied that bank reconciliations for the main Council bank accounts are being regularly undertaken, there was a lack of documented sign-offs to demonstrate the preparation and review during 2015/16.</p> <p>Each bank reconciliation undertaken should include a prepared by and reviewed by sign off that is dated by the relevant officers.</p>	<p>Management Response Reviews will be evidenced with immediate effect.</p> <p>Responsible officer Senior Accountant – Statutory Accounts</p> <p>Due date Immediately</p>
2	2	<p>All officers with the relevant access to the general ledger system can create and post journals of any value as there is no value hierarchy built into the system. There is no segregation of duties in the creation and posting of journals</p> <p>A hierarchy should be included within the general ledger and officers limited to the value of journals they can enter and approve.</p> <p>All adjustment journals should be independently authorised by a finance officer.</p>	<p>Management Response We believe that the monitoring of spending against the budget is a suitable compensating control to ensure all material issues are identified and therefore no further action is proposed.</p>



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NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****23 JUNE 2016****CORPORATE GOVERNANCE****Report of the Corporate Director, Strategic Resources****1.0 PURPOSE OF REPORT**

- 1.1 To review the Annual Governance Statement for 2015/16 in advance of approving a later version at the meeting on 29 September 2016.
- 1.2 To recommend to the Executive that the updated Local Code of Corporate Governance be approved by the County Council.

2.0 BACKGROUND

- 2.1 The Framework Delivering Good Governance in Local Government, published by CIPFA in association with SOLACE in 2007, sets the standard for local authority governance in the UK. CIPFA and SOLACE reviewed the Framework in 2012 to ensure that it remains 'fit for purpose' and issued an addendum to it in the Autumn of 2012 which provides an updated example annual governance statement.
- 2.2 According to the Terms of Reference of the Audit Committee, its role in respect of Corporate Governance is:
 - (i) to assess the effectiveness of the authority's Corporate Governance arrangements
 - (ii) to review progress on the implementation of Corporate Governance arrangements throughout the authority
 - (iii) to approve the Annual Governance Statement
 - (iv) to review the annual Statements of Assurance provided by the Chief Executive and Corporate Directors
- 2.3 In relation to (i) and (ii) above, reports are submitted at regular intervals during the year as set out in the Programme of Work. Item (iii) is considered as part

of this report, and item (iv) is addressed by including progress updates in the Directorate specific reports submitted to each meeting by the respective Corporate Director alongside a report on internal audit work relating to that Directorate which is produced by the Head of Internal Audit.

3.0 STATUTORY REQUIREMENTS

3.1 The key legislation covering the statutory requirements for both the Annual Governance Statement (AGS) and the Statement of Final Accounts (SoFA) is contained in the Accounts and Audit Regulations of 2015. This includes a requirement for the AGS to accompany the accounts.

3.2 CIPFA also recommends reporting the SoFA to Members after they have been signed by the responsible officer. This is to allow time to review the SoFA, together with the AGS before or during the audit of the accounts and for points to be raised as appropriate.

3.3 The approach being taken by the County Council in order to ensure compliance with statutory obligations and to provide Audit Committee with sufficient time and information to seek assurances is as follows –

Initial review of draft AGS as attached to this report - 23 June 2016

Audit Committee consideration of draft Statement of Final Accounts including refinements to AGS as appropriate post 23 June - 14 July 2016

Formal approval of SOFA including AGS with explanation of any changes since 14 July - 29 September 2016

3.4 It is hoped that the meetings on 23 June and 14 July will provide such opportunities for all Members of the Audit Committee to become comfortable with reaching a positive view at the Audit Committee meeting on 29 September 2016. Recognising the number of possible changes (reflecting the views of the Audit Committee; external audit; and simply changes of circumstances / updates) it was previously agreed that a sub-group would be created by the Audit Committee in order to provide a dedicated resource to review the AGS. This arrangement has served us well and the Committee is therefore invited to finalise arrangements for this sub-group again so that it may provide periodic updates culminating in a feedback report to the Audit Committee on 29 September 2016.

4.0 DEVELOPMENTS IN 2015/16

4.1 Although the responsibility for managing the day to day aspects of the Corporate Governance agenda belong to the Executive and the Management Board, wider Members also have to be actively engaged – the role of this Committee is therefore critical in this regard.

4.2 This Committee received progress reports on a range of specific governance issues such as risk management and information governance through the year.

4.3 A range of key governance documents are produced in order to ensure that progress is made and that practice is consistent with statute, guidance and good practice. Copies of these key documents are attached to this report as follows:-

Local Code of Corporate Governance – **Appendix A**

Annual Governance Statement 2015/16 – **Appendix B**

Statements of Assurance – **Appendix C**

Corporate Governance Checklist Summary of Improvements – **Appendix D**

All of the above have been updated to reflect issues identified in 2015/16 and / or changes in requirements.

4.4 Notable areas of recent work undertaken as part of the corporate governance agenda include the following:-

- ➔ annual review of the Local Code and Annual Governance Statement
- ➔ progressing the Statements of Assurance
- ➔ update of the improvements linked to the Corporate Governance Self-Assessment Checklist
- ➔ progressing issues relating to best practice documentation such as the latest CIPFA publication, Audit Committee Update
- ➔ sharper focus and disciplines on procurement across the Council.
- ➔ refining and implementing governance arrangements for the 2020 North Yorkshire Change Programme.
- ➔ delivering MTFs and the longer term financial planning horizon to 2020.

- ➔ revised training packages for health and safety, information governance etc.
- ➔ increasing and unrelenting awareness on information security
- ➔ a corporate peer review performed by the LGA that reviewed a range of aspects of the Council including leadership and governance.

5.0 LOCAL CODE OF CORPORATE GOVERNANCE

- 5.1 The Local Code of Corporate Governance (**Appendix A**) is a statement of the principles that the County Council will apply in its corporate governance framework. It also describes key components of that framework and how they will be monitored and reviewed.
- 5.2 The Local Code is reviewed annually alongside the Annual Governance Statement (AGS). Whilst the AGS needs to be updated on an annual basis (see **Paragraph 6** below), the simultaneous review of the Local Code ensures that key changes to the corporate governance framework (whether driven by external forces such as legislative changes or by internal factors) are reflected in the Local Code so that it is compatible with the AGS (which describes in detail the actual processes in place and the activity undertaken in the year relating to corporate governance). Minor amendments have been made to this document and those changes are tracked for ease of reference.
- 5.3 Once approved by Committee at this meeting, the Local Code will be referred collectively to the Chief Executive, the Leader of the Council, the Executive Member for Central Services, the Corporate Director Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services) for formal approval, as stated in the Constitution.

6.0 ANNUAL GOVERNANCE STATEMENT 2015/16

- 6.1 The AGS (**Appendix B**) is effectively an annual report which assesses the effectiveness of the governance processes which have been put in place within the Council. It will accompany the Statement of Final Accounts (SOFA) when they are submitted to this Committee at its July meeting and then at the September meeting when the Committee is invited to formally approve the Statement of Final Accounts for 2015/16.
- 6.2 In order to fulfil its responsibilities, the Audit Committee needs to be able to satisfy itself that the governance and internal control processes described in the AGS are in fact both operational and effective. One aspect of this

assurance process is to review progress by management on dealing with the issues identified in the AGS.

- 6.3 The Annual Governance Statement has been drafted to comply with the Delivering Good Governance Framework in Local Government 2007 and the Application Note to Delivering Good Governance in Local Government: a Framework (March 2010).
- 6.4 There is one section of the AGS that relates to Significant Governance Issues (**Section 7**). This assessment will be drawn together from across the Council and will be approved by Management Board.
- 6.5 Members are asked to review the AGS 2015/16 (excluding **Section 7**) with the intention of formally approving a later version at the meeting on 29 September when the SOFA will also be approved.

7.0 STATEMENTS OF ASSURANCE

- 7.1 As part of the annual process and methodology to prepare the AGS, each Corporate Director is required to prepare and sign a Statement of Assurance relating to governance issues in their Directorate.
- 7.2 These Statements are one of the sources from which the Management Board draws up the issues list that will appear in **Section 7** of the AGS. At this stage **Section 7** is left blank but it is proposed that this will be populated in the coming weeks from the SoAs and Significant Governance Issues will be shared with the proposed sub-group (see **Paragraph 3.4**). In the meantime Members are invited to offer views on relative risks and priorities.
- 7.3 A list of the issues identified to date by Corporate Directors is attached as **Appendix C**. Work remains on-going on these Statements and updated content (in line with the target date of 29 September for signing off the SoFA) will be shared with the Audit Committee sub-group so that a report can be made to the full Audit Committee to provide all Members with some assurance.

8.0 CORPORATE GOVERNANCE CHECKLIST SUMMARY

- 8.1 The Corporate Governance Checklist is a self-assessment checklist and is in line with the 6 principles defined in the Local Code of Corporate Governance. The requirements of the document CIPFA Statement of the Role of the Chief Financial Officer in Local Government are also incorporated within the Checklist.
- 8.2 The Checklist is effectively a “live” document to monitor and review the overall Corporate Governance process within the County Council. Although a copy of the latest “version” is available to Members, a Summary is attached as **Appendix D** for ease of reference. This Summary shows:
- ➔ some of the improvements made in corporate governance between May 2015 and April 2016 in the right hand column.
 - ➔ reference to the requirements of the 6 principles defined in the Local Code of Corporate Governance on the right hand side.
 - ➔ some examples of improvements in Corporate Governance to be made between May 2016 and April 2017
- 8.3 Areas of development and / or improvement continue to be identified as a result of the need to comply with new guidance and requirements as they are published.
- 8.4 The Checklist is used by officers in order to provide some assurance that all relevant areas of governance are being adequately addressed and, where relevant, gaps are identified with consequential actions to fill such gaps.

9.0 RECOMMENDATIONS

- 9.1 That the updated Local Code of Corporate Governance (**Appendix A**) be recommended for collective approval by the Chief Executive, the Leader of the Council, the Executive Member for Central Services, the Corporate Director Strategic Resources and the Assistant Chief Executive (Legal and Democratic Services).
- 9.2 That Members review the Annual Governance Statement 2015/16 (**Appendix B**) with the intention of formally approving a later version at the meeting on 29 September 2016.
- 9.3 That the Committee appoints Members of the Governance sub-group so that a feedback report can be made to the full Committee on 29 September 2016.

9.4 That Members note the Statements of Assurance (**Appendix C**) and the improvements that have been made, and that are to be made in corporate governance (**Appendix D**)

GARY FIELDING

Corporate Director, Strategic Resources, County Hall, Northallerton

June 2016

Report prepared by Fiona Sowerby, Corporate Risk and Insurance Manager, ext 2400

Background papers: None



North Yorkshire
County Council

DRAFT

Local Code of Corporate Governance

June 201~~6~~⁵

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1.0 INTRODUCTION

- 1.1 Corporate governance is the system by which a local authority directs and controls its functions and relates to the community it serves. It is therefore a framework of policies, management systems, procedures and structures that together, determine and control the way in which a local authority manages its business, determines its strategies and objectives, and sets about delivering its services to meet those objectives for the greater good of its community. This naturally extends to how the organisation accounts to, engages with and, where appropriate, leads its community.
- 1.2 On this basis, the principles of good corporate governance require a local authority to undertake its functions in a way that is completely open and inclusive of all sectors of the community, demonstrates the utmost integrity in all its dealings, and is fully accountable to the public it serves.
- 1.3 North Yorkshire County Council is committed to demonstrating good corporate governance. This Code sets out what the governance arrangements are, and who is responsible for them within the County Council. It also explains how the arrangements will be kept under review and monitored for compliance.
- 1.4 The Code also expresses how the County Council will seek to conduct its business in a way that demonstrates –
- **Openness and Inclusivity** – which is necessary to ensure that stakeholders can have confidence in the decision-making and management processes of the County Council, and the role of the Members and Officers therein. Being open through genuine consultation with stakeholders and providing access to full, accurate and clear information leads to effective and timely action and lends itself to necessary scrutiny. Openness also requires an inclusive approach, which seeks to ensure that all stakeholders, and potential stakeholders, have the opportunity to engage effectively with the decision-making processes and actions of the County Council. It requires an outward looking perspective and a commitment to partnership working, that encourages innovative approaches to consultation and to service provision
 - **Integrity** – is necessary for trust in decision making and actions. It is based upon honesty, selflessness and objectivity, and high standards of propriety and probity in the stewardship of public funds and the management of the County Council's affairs. It is dependent on the effectiveness of the internal control framework and on the personal standards and professionalism of both Members and Officers. It is reflected in the County Council's decision-making procedures, in its service delivery and in the quality of its financial and performance reporting
 - **Accountability** - is the process whereby Members and Officers within the County Council are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles expressed through a robust and resilient structure

2.0 POLICY STATEMENT ON CORPORATE GOVERNANCE

- 2.1 The Policy of the County Council is to incorporate the principles of Corporate Governance into all aspects of its business activities to ensure that stakeholders can have confidence in the decision-making and management processes of the authority, and in the conduct and professionalism of its Members, Officers and agents in delivering services. To this end, the County Council will report annually on its intentions, performance and financial position, as well as on the arrangements in place to ensure good governance is always exercised and maintained.
- 2.2 These principles reflected in this Policy will also be applied to the North Yorkshire Pension Fund and any company in which the County Council has a substantive equity holding.

3.0 THE SIX PRINCIPLES OF CORPORATE GOVERNANCE

- 3.1 There are six core principles that should underpin governance arrangements within a local authority. These are defined as follows –
- focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
 - Members and officers working together to achieve a common purpose with clearly defined functions and roles
 - promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 - taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - developing the capacity and capability of Members and Officers to be effective
 - engaging with local people and other stakeholders to ensure robust public accountability
- 3.2 This Code addresses these six core principles and describes the systems and processes that support these in the County Council. In addition the Code reflects how the County Council addresses the requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* (2010)
- 3.3 The Code also explains how the County Council intends to monitor and review the corporate governance arrangements defined in this Code including compliance with the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* (2010).
- 3.4 A diagrammatic representation of how this Code fits into the management process of the County Council is attached as **Appendix A**.

4.0 CORPORATE GOVERNANCE ARRANGEMENTS

Core Principle 1 : Focussing on the purpose of the County Council and on outcomes for the community, and creating and implementing a vision for the local area

4.1 The County Council will develop a clear vision and purpose, identify intended outcomes and ensure that these are clearly communicated to all stakeholders of the organisation, both internal and external. In doing so, the County Council will report regularly on its activities and achievements, and its financial position and performance.

The County Council will publish **annually** –

- a Council Plan **(updated annually)**
- **an annual** Statement of Final Accounts together with the Annual Governance Statement and

And a Community Plan in conjunction with local partners every three years.

4.2 The County Council will keep its corporate strategies, objectives and priorities under constant review, so as to ensure that they remain relevant to the needs and aspirations of the community.

4.3 In undertaking all its activities, the County Council will aim to deliver high quality services which meet the needs of service users. Delivery may be made directly, via a subsidiary company, in partnership with other organisations, or by a commissioning arrangement. Measurement of service quality will also be a key feature of service delivery.

4.4 In addition, the County Council will continue to monitor the cost effectiveness and efficiency of its service delivery, as well as

- ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money in its use
- ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary
- ensure compliance with CIPFA's Code on Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code

4.5 The County Council will also seek to address any concerns or failings in service delivery by adhering to and promoting its Complaints Procedure.

Core Principle 2 : Members and Officers working together to achieve a common purpose with clearly defined functions and roles

4.6 To ensure accountability the Constitution of the County Council defines the roles and responsibilities of both the Council's executive and non-executive functions. In particular, the Constitution –

- clearly defines the role of the Executive and Executive Members
- also defines the respective roles of other Members, Members generally and of Senior Officers
- defines the statutory roles of the Head of Paid Service, Section 151 Officer and the Monitoring Officer
- sets out a Protocol to address the working relationship between the Leader and the Chief Executive which enables each to fulfil their respective roles
- sets out a Protocol on Member / Officer relations which is the framework for effective working together
- includes Schemes of Delegation for both Members and Officers
- includes Procedure Rules in relation to staff employment, contracts / procurement, finance and property that are reviewed annually
- empowers an Independent Remuneration Panel that considers Members' allowances
- requires appropriate governance arrangements for partnerships
- is kept under regular review

4.7 To demonstrate compliance with the CIPFA Statement on the *Role of the Chief Financial Officer* the County Council will –

- ensure that the Chief Financial Officer (CFO) * reports directly to the Chief Executive and is a member of the Management Board with a status at least equivalent to other members
- ensure that the authority's governance arrangements allow the CFO direct access to the Chief Executive and to other Management Board members
- appoint a professionally qualified CFO whose core responsibilities include those set out in the Statement on the *Role of the Chief Financial Officer* and ensure that they are properly understood throughout the authority

* the Corporate Director – Strategic Resources fulfils the role of CFO as defined in the CIPFA Statement.

- ensure that the CFO :
 - leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
 - has a line of professional accountability for finance staff throughout the organisation
- ensure that budget calculations are robust and reserves adequate, in line with CIPFA's guidance
- ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role
- establish a medium term business and financial planning process to deliver strategic objectives including:
 - a medium term financial strategy to ensure sustainable finances
 - a robust annual budget process that ensures financial balance
 - a monitoring process that enables this to be delivered
- ensure that these are subject to regular review to confirm the continuing relevance of assumptions used

Core Principle 3 : Promoting values for the County Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

4.8 The County Council will conduct its activities in a manner which promotes high ethical standards and good behaviour which will foster openness, support and mutual respect. The following policies and protocols have been established and will be kept under review to assist the County Council in maintaining this culture –

- Member Code of Conduct and Complaints procedure
- Guidance Protocol re Members' Code of Conduct
- Standards of Conduct
- Local / National Teachers' Code of Conduct

- Protocol on Officer/Member Relations
- Code of Conduct for Planning
- Ethical Behaviour Statements
 - Leader
 - Chief Executive
- Staff and Member Registers of Interest
- ICT Code of Practice and Protocols on ICT use for Members and Officers
- Whistleblowing policy
- Counter Fraud Strategy
- Anti-Money Laundering Policy
- Officers' Register of Gifts & Hospitality
- Equality and Diversity Policy Statement
- Communication Strategy to support 2020 North Yorkshire
- Partnership Working Guidance
- Procurement Strategy
- Information Governance policy ~~F~~framework

4.9 In addition, the County Council will ensure that systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.

4.10 The aim is to develop a set of shared values which will underpin an ethos of good governance. This will be further supported by compliance with legislation, Procedure Rules and all relevant professional standards.

4.11 The County Council has established a Standards Committee to discharge its responsibilities for promoting and maintaining high standards of Member conduct. The Standards Committee meets twice yearly and as required. It develops initiatives to promote high ethical standards, is involved in ensuring the training of all Members on standards, and monitors compliance against the national Code of Conduct for Councillors. The Committee is also responsible for the handling of complaints that Members may have breached the Code.

4.12 Where the County Council works in partnership it will continue to uphold its own ethical standards, as well as acting in accordance with the partnership's shared values and aspirations.

Core Principle 4 : Taking informed transparent decisions which are subject to effective scrutiny and managing risk

4.13 The County Council observes this Principle through a combination of the following:

- all meetings of the Council and its Committees are open to the public (except where, for example, personal or confidential matters are being discussed)
- having a formal Constitution which details the decision making process and the procedures required to support the transparency and accountability of decisions made
- an engagement promise setting out in simple terms how everyone who lives or works in the county, or uses the County Council's services can influence decisions
- an effective scrutiny function
- comprehensive recording of all decisions taken and the reasons for those decisions
- maintenance of registers to record potential conflicts of interest, attendance etc
- an ~~independent~~ Audit Committee with a number of independent co-opted members
- a properly constituted Standards Committee.
- a transparent complaints procedure
- Area Committees that have the flexibility to co-opt local representatives
- Member development programme
- provision of timely and relevant information to all interested parties
- involvement of legal, financial and specific service expertise to inform decision-making
- an embedded risk management culture
- effective whistleblowing and counter fraud procedures
- implementation of all specific legislative requirements placed upon the County Council
- a comprehensive Information Governance policy Framework; this Framework includes the protection of sensitive and commercial data

4.14 In relation to its financial management arrangements, the County Council will –

- ensure an effective internal audit function is resourced and maintained
- ensure that its governance arrangements allow the CFO direct access to the Audit Committee and External Auditor
- ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority
- ensure the authority's governance arrangements allow the CFO to bring influence to bear on all material decisions

- ensure that advice is provided on the levels of reserves and balances in line with good practice guidance
 - ensure the authority's arrangements for financial and internal control and for managing risk are addressed in annual governance reports
 - ensure the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes
- 4.15 Based on the above, in terms of policy and decision making, the Executive is supported at all times by professional advice that addresses all relevant legal, financial and resourcing issues. At the same time, risk management processes operate so as to ensure that the risk and impact of decisions are fully assessed.
- 4.16 The County Council operates a scrutiny framework, supported by named officers, that enables decisions by the Executive to be challenged or influenced by the rest of the County Council's Members.

Core Principle 5 : Developing the capacity and capability of Members and Officers to be effective

- 4.17 The County Council is continually seeking to develop the capacity and capability of both its Members and officers in recognition that the people who direct and control the organisation must have the right skills. This is achieved through a commitment to training and development, as well as recruiting senior officers with the appropriate balance of knowledge and experience.
- 4.18 The County Council aims to achieve this by –
- organising Member and employee induction programmes
 - a Workforce Plan that addresses issues such as recruitment, succession planning, flexible working and other people management issues
 - providing career structures to encourage staff development
 - regularly reviewing job descriptions and person specifications and using these as the basis for recruitment
 - implementing a Development Programme including individual training and development plans
 - maintaining an effective performance management system
 - encouraging a wide variety of individuals and organisations to participate in the work of the County Council
- 4.19 To ensure compliance with the CIPFA Statement in the *Role of the Chief Financial Officer* the County Council will

- ensure the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of his role
- review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised
- provide the finance function with the resources, expertise and systems necessary to perform its role effectively
- embed financial competencies in person specifications and appraisals
- ensure that councillors' roles and responsibilities for monitoring financial performance / budget management are clear, that they have adequate access to financial skills and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities

Core Principle 6 : Engaging with local people and other stakeholders to ensure robust public accountability

4.20 The County Council will seek the views of its stakeholders and respond appropriately by –

- clearly identifying its stakeholders, in order to ensure that relationships with these groups continue to be effective
- maintaining effective channels of communication which reach all groups within the community and other stakeholders as well as offering a range of consultation methods; to this end the County Council has a Communications Strategy to support the 2020 North Yorkshire Programme and an Engagement Promise that are regularly reviewed and updated
- publishing a Council Plan and an annual Statement of Final Accounts to inform stakeholders and services users of the previous year's achievements and outcomes
- publishing a Medium Term Financial Strategy and consulting each year on the Annual Revenue Budget and its impact on Council Tax
- providing a variety of opportunities for the public to engage effectively with the County Council including attending meetings
- presenting itself in an open and accessible manner to ensure that County Council matters are dealt with transparently, in so far as the need for confidentiality allows
- supporting these shared principles and the undertakings in the North Yorkshire Compact which provides a framework for local authorities and other public bodies to work together with the voluntary and community sector
- developing a Community Plan in conjunction with local partners
- maintaining a Citizens' Panel of around 2000 residents who are consulted twice a year on a wide range of service issues
- maintaining a Freedom of Information Act Publication Scheme and arrangements to respond to requests for information from the public

- operating Access to Information Procedure Rules to ensure local people and stakeholders can exercise their rights to express an opinion on decisions, and can understand what decisions have been made and why
- ensuring the lawful and correct treatment of personal information through a Data Protection policy that follows the principles set out in the Data Protection Act 1998
- maintaining a County Council website that provides access to information and services and opportunities for public engagement

5.0 MONITORING, REPORTING AND REVIEW

5.1 Ensuring good corporate governance is the responsibility of the whole Council. However to formalise the process, the County Council has two Committees that are primarily responsible for monitoring and reviewing the adequacy of the corporate governance arrangements referred to in this Local Code –

- the Audit Committee
- the Standards Committee

The two committees liaise on any issue of Corporate Governance that may be of legitimate common concern to both.

5.2 The Audit Committee is independent of both the Executive and Scrutiny, and has wide ranging responsibilities in relation to audit, information governance, counter fraud, risk management, treasury management, financial and performance reporting, as well as overall corporate governance. The Committee's terms of reference are set out in the Constitution and its principal objectives are to ensure that the County Council manages its risks appropriately and maintains an adequate and effective system of internal control. The Committee meets a minimum of five times a year and includes up to three co-opted external Members.

5.3 The Standards Committee currently meets twice yearly and as required to promote and maintain high standards of conduct by Councillors and co-opted Members of the Council. The Committee provides advice and support to the Council and its members on the County Council's Members' Code of Conduct and related ethical issues such as membership of outside bodies and Member/officer relations. Additionally, Standards Committee Members participate in training sessions and in sub-committees dealing with complaints of alleged breaches of the Code and has in place arrangements for the receipt, assessment and determination of complaints about potential breaches of the Members' Code of Conduct. The Committee is attended by independent persons, as well as County Council Members.

5.4 Further to the two Committees referred to above, the County Council has also established:

- a Corporate Governance Officer Group of senior officers, chaired by the Corporate Director – Strategic Resources, which is responsible for overseeing the delivery of an integrated programme of work to support the development of robust corporate governance arrangements, and to keep implementation of such arrangements under on-going review. In particular, this Group monitors the Self-

Assessment Checklist that maps, and monitors, all governance activity within the County Council against all published Best Practice Guidelines

- a Corporate Information Governance Group, also chaired by the Corporate Director – Strategic Resources. This Group addresses the various challenges of Information Governance including the development and maintenance of a Framework for Information Governance which comprises a suite of relevant policies, protocols and guidance notes

5.5 The County Council is required to undertake an annual review of the effectiveness of its system of internal control *. This review seeks to –

- identify principal risks to the achievement of County Council objectives
- identify and evaluate key controls to manage principal risks
- obtain assurances of the effectiveness of key controls
- evaluate assurances and identify gaps in control/assurances

This review is overseen by the Audit Committee and is part of the preparatory process for the Annual Governance Statement (see **paragraph 5.8** below). The Audit Committee receives assurance from various sources regarding the adequacy of the internal control environment and overall corporate governance arrangements, including from the Head of Internal Audit.

5.6 Additionally, compliance with the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government* is reviewed annually by the Audit Committee.

5.7 Finally, annual reports are produced and published by:

- the Scrutiny Chairs and
- the Audit Committee Chairman

The Annual Governance Statement

5.8 Following the annual review of effectiveness of the system of internal control an Annual Governance Statement (AGS) * will be published to accompany the Statement of Final Accounts for the County Council. The AGS will provide an overall assessment of the corporate governance arrangements in the County Council.

5.9 To reflect the County Council's commitment to the continuous improvement of its system of internal control, progress to address weaknesses is drawn up in response to any significant control weaknesses identified in the AGS. A follow up process is then overseen by the Corporate Governance Officer Group to ensure continuous improvement of the system of corporate governance. The Audit Committee monitors progress to address weaknesses every six months.

* As required by Regulation 6 of the Accounts and Audit Regulations (2015)

Review of this Code

5.10 A review of this Code will be undertaken annually alongside the preparation of the AGS.

6.0 CONTACT DETAILS AND FURTHER INFORMATION

6.1 Further details of the County Council's Corporate Governance arrangements can be obtained on the County Council's website www.northyorks.gov.uk or by contacting the Corporate Director – Strategic Resources (**see below**).

6.2 Finally, if you have any concerns about the way in which the County Council, its Members, Officers or agents conduct its business, or believe that elements of this Code are not being complied with, please contact one of the following Officers as appropriate. Your enquiry will be treated confidentially, and a response made following investigation of the facts in each case.

(i) Chief Executive (Head of Paid Service)

Richard Flinton
North Yorkshire County Council
County Hall
Northallerton
North Yorkshire DL7 8AL
Tel: 01609 532444 E-mail: richard.flinton@northyorks.gov.uk

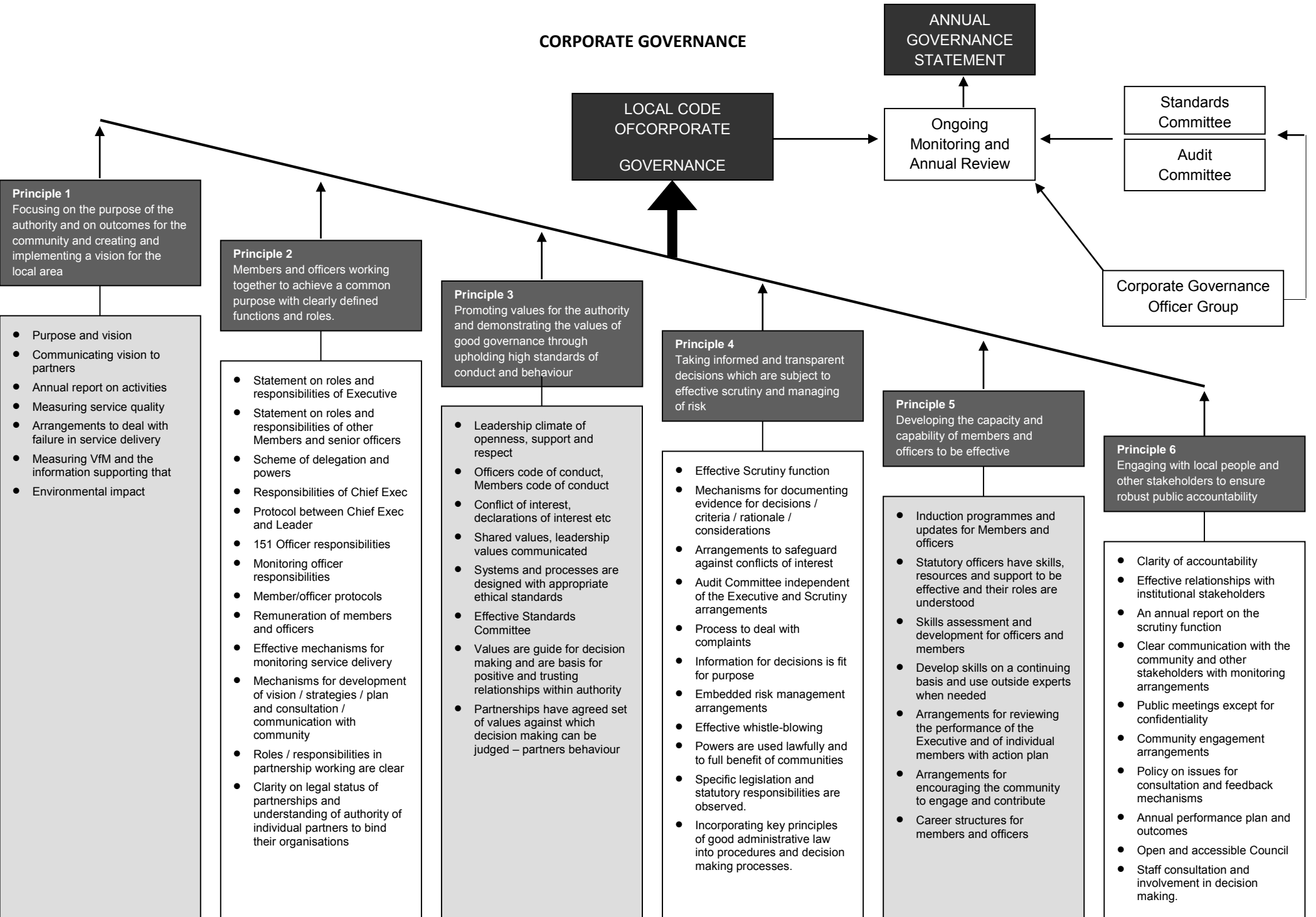
(ii) Corporate Director – Strategic Resources (Section 151 Officer)

Gary Fielding
Corporate Director – Strategic Resources
North Yorkshire County Council
Racecourse Lane
Northallerton
North Yorkshire DL7 8AL
Tel 01609 533304 E-mail gary.fielding@northyorks.gov.uk

(iii) Assistant Chief Executive (Legal and Democratic Services) (Monitoring Officer)

Barry Khan
Legal and Democratic Services
North Yorkshire County Council
Racecourse Lane
Northallerton DL7 8AL
Tel 01609 532173 E-mail barry.khan@northyorks.gov.uk

CORPORATE GOVERNANCE





North Yorkshire
County Council

DRAFT

Annual Governance Statement

2015/16

Updated September 2016

 indicates moderate changes

Contents

Section

1. Scope of Responsibility
2. The Purpose of the Governance Framework
3. The Governance Framework
4. Role of the Chief Financial Officer
5. Review of Effectiveness
6. Activities of the Audit Committee
7. Significant Governance Issues
8. Summary
9. Signatures

1.0 SCOPE OF RESPONSIBILITY

- 1.1 North Yorkshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The County Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall duty the County Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and establishing a sound system of internal control and arrangements for the management of risk.
- 1.3 The **Local Code of Corporate Governance**, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* is reviewed annually. The current version was approved by the Audit Committee in June 2015 and adopted by the County Council in November 2015. A copy of the Code is available on the County Council's website (www.northyorks.gov.uk) or can be obtained from the office of the Corporate Director – Strategic Resources (telephone 01609 533304 or email gary.fielding@northyorks.gov.uk . The Audit Committee also reviewed the County Council's corporate governance arrangements on 25 June 2015 and recommended the Local Code of Corporate Governance to the County Council for approval.
- 1.4 This Statement explains how the County Council has complied with its Local Code and also meets the requirements of Regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the publication of an **Annual Governance Statement**.
- 1.5 This Statement also confirms that the financial management arrangements within the County Council comply with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government (2010)*. (See **Section 4** for full details).

North Yorkshire Pension Fund

- 1.6 The governance arrangements and Final Accounts of the North Yorkshire Pension Fund (NYPF) are now audited separately from the County Council. However, because the NYPF is administered by the County Council, the governance arrangements of the County Council also apply to the NYPF. This Statement therefore also forms part of the governance framework for the NYPF. However, there are also a number of additional documents that relate solely to the governance arrangements of the NYPF – these are **NOT** referred to further in this Statement as they relate only to the governance of the NYPF. For further details of the specific governance arrangements of the NYPF please refer to the NYPF website (www.nypf.org.uk).

2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The Governance Framework as detailed in the Local Code comprises the systems and processes, the culture and values, by which the County Council is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the County Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The **system of internal control** is a significant part of that Framework and is designed to manage risk to a reasonable level rather than try to eliminate all risk of failure to achieve policies, aims and objectives. Because it is not possible to eliminate all risks, the system of internal control can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise the risks that threaten the achievement of the County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and then to manage them efficiently, effectively and economically.
- 2.3 The overall Governance Framework, and in particular the system of internal control, described in this Statement, has been in place within the County Council for the year ended 31 March 2016 and up to the date of approval by the Audit Committee of this Statement alongside the Statement of Final Accounts on 29 September 2016.

3.0 THE GOVERNANCE FRAMEWORK

- 3.1 The requirement to have a robust and resilient governance framework and sound system of internal control covers all aspects of the County Council's activities. For the purposes of this Statement, the policies, procedures and operations that taken together create the overall governance framework are grouped under the following headings -
- (a) identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users
 - (b) reviewing the authority's vision and its implications for the authority's governance arrangements
 - (c) translating the vision into objectives for the authority and its partnerships
 - (d) measuring the quality of services for users, to ensure they are delivered in accordance with the authority's objectives and they represent the best use of resources and value for money
 - (e) defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication for the authority and partnership arrangements

- (f) developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- (g) reviewing the effectiveness of the authority's decision making framework including delegation arrangements, decision making in partnerships and robustness of data quality
- (h) reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability
- (i) ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained
- (j) ensuring effective management of change and transformation
- (k) ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Chief Financial Officer in Local Government (2010)*
- (l) ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Head of Internal Audit (2010)*
- (m) ensuring effective arrangements are in place for the discharge of the monitoring officer function
- (n) ensuring effective arrangements are in place for the discharge of the head of paid service function
- (o) undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*
- (p) ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- (q) maintaining appropriate arrangements for whistle blowing and for receiving and investigating complaints from the public
- (r) identifying the development needs of members and senior staff in relation to their strategic roles, supported by appropriate training
- (s) establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- (t) enhancing the accountability for service delivery and effectiveness of other public service providers
- (u) incorporating good governance arrangements in respect of partnerships and other joint working and reflecting these in the authority's overall governance arrangements

3.2 The main features of each of these contributory components are as follows -

(a) identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

- the **Council Plan** is a key component of the County Council's policy framework, setting out the Council's objectives and how its resources are to be used to deliver those objectives. The process of developing it is closely allied to the budget setting process and this demonstrates the strong relationship running through the Council's objectives, priorities and allocation of resources. The Council Plan agreed in February 2016 sets out the Council's vision, approach and values, together with eleven ambitions for 2020 and an annual delivery plan for 2016/17. The refreshed **2014-17 North Yorkshire Community Plan** was published in 2014 following partner consultation to ensure it focusses on important issues for our communities which need partnership effort to be tackled effectively.
- the **Medium Term Financial Strategy** (MTFS) sets out how the County Council will finance the Council Plan over the medium term. The Strategy covers the period up to and including 2019/20 and was approved by the County Council on 24 February 2016. The MTFS is broadly consistent with the multi-year projections provided by government but there are still many areas which require estimation as little firm information is available. In addition the budget for 2016/17 was approved which included the savings requirement for that year as part of the 2020 North Yorkshire Programme. Work continues to identify the projected funding shortfall over the MTFS period.
- **paragraph 3.2(s)** provides details of how the County Council communicates with the community, other stakeholders and its staff

(b) reviewing the authority's vision and its implications for the authority's governance arrangements

- as indicated in **paragraph 3.2 (a) above**, the key corporate strategy documents (ie the **Council Plan, Medium Term Financial Strategy** and **Revenue Budget**), are reviewed and updated annually
- the Terms of Reference of the Audit Committee require it to maintain an on-going assessment of the adequacy and effectiveness of the internal control environment within the County Council. The published Work Programme for the **Audit Committee** includes provision to review the impact of changes to service delivery and / or management processes on the governance arrangements of the County Council
- the **Members' Constitution Working Group** supported and advised by the **Monitoring Officer** review all aspects of the Constitution on an annual basis. The 2016 review was reported to full County Council on 2nd February 2016

(c) translating the vision into objectives for the authority and its partnerships

- based on the Council Plan and annual Budget / MTFS process, each Service sets out its detailed objectives, performance targets, available resources and risk assessment which are included in a Service Plan.
- an annual review is carried out on partnership arrangements which considers a range of factors. This is reported to the Audit Committee as part of the Council's approach to governance.

(d) measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money

- there is an **integrated Service Planning and Budget Process** under which each Service in each Directorate sets out its detailed objectives, performance targets, available resources and risk assessment. These feed into both the Council Plan and the annual Budget/MTFS process
- the **Performance Management framework**, continues to be refined with the aim of strengthening links from team plans to Council objectives. Much work has been done to ensure services set out their priorities in "plans on a page" and service plans. There is quarterly reporting of key performance information to Management Board and a joint meeting of Executive and the Scrutiny Committee Chairs. This information brings together activity levels; financial information; quality issues; customer feedback; improvement areas; workforce; and compliments and complaints. Part of this approach is to ensure that the key components of value for money are considered together and that both senior management and Members can better understand and challenge key services and areas of Council spending. This is supplemented by more frequent reporting and monitoring processes within Directorates.
- **comprehensive budgeting systems** are applied across all Directorates. Further work is under way as part of the 2020 Finance Programme in order to further improve budgeting across the Council. This includes greater use of systems supplemented by a proposed restructure of the finance function into a more consolidated service. Budget managers and other stakeholders are being engaged as part of the change.
- priority has been given to frontline services in determining the savings programme as part of the **2020 North Yorkshire Programme**. A planned and prioritised approach has been taken and investments have been made in areas to aid with delivery of the savings and to deliver a modern council that is fit for purpose for 2020 and beyond.
- in the past benchmarking statistics have shown an overall level of high performance and value for money for the County Council. The abolition of much of the national indicator set has made such comparison increasingly difficult. Ofsted benchmarking data continues to show the County Council in a positive light but in other areas greater reliance is made on "softer" networking in order to identify areas of best practice across the country. An increased focus on team performance is also providing key management information to assess the productivity of staff and teams and ultimately services with a view to

driving improvements in performance. This approach is incorporated into the quarterly monitoring reports provided to the Executive and will help to shape budget thinking on an on-going basis.

- the 2020 North Yorkshire Change Programme provides a framework within which the Council is planning to meet the challenging savings requirement over the remainder of the decade. The Programme still seeks to 'simplify; standardise; and share' as set out in the previous One Council Programme but also builds in a number of cross cutting themes which set out some of the values, including:-
 - Stronger Communities – empowering and encouraging local communities to develop greater resilience and provide more community owned services
 - Customer – changing the way the Council interacts with its customers
 - Commercial Focus – examining different ways of delivering services and reviewing opportunities to become more commercial, generating additional net income as exemplified by SmartSolutions.
 - Modern Council – creating the right environment to support modern ways of working through use of technology, buildings and working practices and policies.
 - Property Rationalisation – looking to use less buildings where staff and customers use buildings in more modern ways
 - Organisational Development - developing the workforce and culture to ensure the Council is fit for purpose for the remainder of the decade

Management Board acts as the Programme Board and a full set of governance arrangements are in place to ensure plans are well developed and implementation is monitored.

- the **Asset Management Strategy** sets out key corporate processes (eg purchasing and disposal of property) including the adoption of a corporate approach to dealing with property needs. A Capital Project Management system (Gateway) is in place to improve the delivery of larger projects. This dovetails with the Council's property partners. This Strategy sets out the key role of property in supporting the Council's objectives.
 - the County Council's improvement priorities, as set out in the Council Plan and in its service performance plans and strategies, are **reviewed regularly** throughout the year. This is achieved through -
 - ➔ quarterly reports on key service performance plus corporate issues such as personnel, finance and commendations / complaints are considered by Management Board, the Executive and Chairs of the Overview and Scrutiny Committees
 - ➔ regular reports to Corporate Directors and Executive Portfolio Holders
 - ➔ publication of an **Annual Report on Overview and Scrutiny** by the Scrutiny Chairs
- (e) **defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements**

- **Corporate Governance** (C-Gov) framework encompasses, defines and quality assures the various systems by which the County Council directs and controls its functions and relates to the North Yorkshire community. It is therefore the totality of the policies, management systems, procedures and structures that together determine and control the way in which the County Council manages its business, formulates its strategies and objectives and sets about delivering its services to meet those objectives, for the greater good of the community of North Yorkshire. The County Council aims to incorporate the principles of C-Gov into every dimension of its business to ensure that all stakeholders can have confidence in the decision-making and management processes of the authority, and in the conduct and professionalism of its Elected Members, officers and agents in delivering services. The **Local Code of Corporate Governance** defines these values and expresses the approach adopted by the County Council. Adherence to this Code is overseen and monitored by the Audit Committee. In addition, the C-Gov Officer Group meets regularly to update its C-Gov self-assessment checklist and monitor progress, especially in addressing areas identified to be in need of improvement. The Local Code is reviewed annually alongside the preparation of this Statement
- additionally, the **Standards Committee** works on those areas of governance which fall within its remit. It is primarily concerned with standards of conduct for elected Members, the promotion of the principles in the Member Code of Conduct and the promotion of high ethical standards throughout the authority
- to ensure full compliance with the *Good Governance Standard for Public Services* and the CIPFA SOLACE *Delivering Good Governance in Local Government Framework*, the C-Gov Officer Group continues to maintain and regularly update, a **Self Assessment Check List** covering the whole internal control agenda. As part of this process, a record of key internal control weaknesses identified within the internal control environment is prepared which inputs to this Annual Governance Statement.
- the **Constitution** sets out how the County Council operates, how decisions are made and by whom, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution also embraces the detailed Contract, Financial and Property Procedure Rules, Scheme of Delegation, Codes of Conduct, etc. These are reviewed and updated on a regular basis to ensure they are consistent with the contemporary operating requirements of the County Council (see **paragraph 3.2(b)** for further details)
- all 72 Councillors meet together as the **Council**. Meetings are open to the general public. At its annual meeting in May each year the Council appoints its Chairman. The Leader is elected by the Council at its annual meeting every four years in the election year, and s/he appoints the Executive Members, and determines their portfolios. The Executive set the Executive delegation scheme. The full Council is responsible for setting the budget and policy framework of the County Council
- the **Executive** is legally responsible for developing and making proposals to the Council for the budget and the policy framework and taking the decisions to implement them once they are agreed. If the Executive wishes to make a

decision that is outside the budget and policy framework then this must be referred to the Council as a whole to decide. They are also responsible for all other functions not falling within the responsibility of the Council or any other committee. Each Member of the Executive has a portfolio responsibility that relates to a specific area(s) of the County Council's services and responsibilities. The Executive meets formally at least once a month but will hold informal meetings on a more regular basis as required to progress the business of the authority

- the **Management Board** (which comprises the Chief Executive and all Corporate Directors plus Assistant Chief Executives) is responsible for implementing all County Council policies and decisions at officer level, providing advice to Members, for co-ordinating the use of resources and the work of the Directorates. The 'Role of Management Board' is set out formally within the Constitution. Circumstances permitting, the Management Board meets weekly
- there are four **Overview and Scrutiny Committees** that support the work of the Council and the Executive, together with a Scrutiny of Health Committee. Their roles and responsibilities are detailed in Article 6 of the Constitution
- **Statutory Officers / Codes and Protocol** – the County Council employs officers to give advice, implement decisions and manage the day-to-day delivery of its services. Certain officers have a designated duty to ensure that the County Council acts within the law and uses its resources wisely (**see paragraphs 3.2 (f) and (g) below**). A Protocol on Member / Officer relations, is part of the Constitution and, amongst other documents, governs the relationships between Officers and Members of the Council.
- pursuant to its powers under Section 101 of the Local Government Act 1972 the Council arranges for certain of its functions to be discharged by officers of the Council as set out in the **Officers Delegation Scheme**
- **Partnership Arrangements** - the County Council's Constitution and Finance Procedure Rules contain a number of important steps to be considered before the County Council enters into a partnership, including the need for approval by the Executive or under the terms of the Delegation Schemes, of appropriate written governance arrangements and interaction with the County Council's decision making arrangements commensurate with the role of the partnership, the part played in it by the County Council, and the risks attached to that

involvement. An annual report is made to the Audit Committee on the governance arrangements and work of partnerships. The Executive receives an 'issues' report when the Audit Committee determines there is a matter of concern relating to a partnership.

(f) developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

- elected members have to agree to follow a **Code of Conduct** to ensure high standards in the way they undertake their duties. Members must complete a **Register of Interests** which is publicly available. The County Council has established a **Standards Committee**, which monitors the operation of the Code of Conduct. The Committee has in place procedures for the assessment, investigation and determination of complaints against Members (involving Independent Persons) and a procedure for granting dispensations.
- staff operate to a corporate behaviour and skills framework which is used to develop staff skills and monitor performance. A Manager's Pocket Book has been introduced in April 2013 outlining key behaviours for all managers in NYCC.
- there is a **Local Code of Corporate Governance** in place that is fully consistent with the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. The Local Code defines -
 - ➔ the fundamental values and principles of corporate governance
 - ➔ the corporate governance framework and arrangements to deliver it within the County Council
 - ➔ arrangements for annual review and reporting of the framework
- **Registers of interests, gifts and hospitality** are also maintained for Members and officers. Details of **Related Party Transactions** are sought from all Members and senior officers

(g) reviewing the effectiveness of the authority's decision making framework including delegation arrangements, decision making in partnerships and robustness of data quality

- as explained in **paragraph 3.2(e) above**, the **Constitution** sets out how the County Council operates, how decisions are made and by whom, and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution also embraces the detailed Contract, Financial and Property Procedure Rules, Scheme of Delegation, Codes of Conduct, etc. These are reviewed and updated on a regular basis to ensure they are consistent with the contemporary operating requirements of the County Council (see **paragraph 3.2(a)** for further details)
- as indicated above, the Council has approved **Budget and Policy Framework Procedure Rules, Contract Procedure Rules, Financial Procedure Rules, and Property Procedure Rules**

The purpose of these rules is to set out a framework within which the County Council conducts its business affairs. These rules are applied and monitored by the Corporate Director – Strategic Resources and are designed to ensure that proper financial arrangements are in place and operational at all times across the County Council. They are reviewed by the Audit Committee on an annual basis

- **independent monitoring** of all the above by the Monitoring Officer, Section 151 Officer and Head of Internal Audit on a regular basis
 - **Partnership Arrangements** – the County Council’s Constitution and Finance Procedure Rules contain a number of important steps to be considered before the County Council becomes involved in a partnership. (see **paragraph 3.2(e)** above for further details)
- (h) reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**
- the County Council’s comprehensive and well established approach to **risk management** is laid out in the Corporate Risk Management Policy and its associated Strategy. These documents were reviewed in 2014/15 and are due to be reviewed again during 2017/18. Risk Registers are developed and maintained at Corporate, Directorate and Service Unit levels. The generic risk assessment methodology is also applied to specific key projects or areas of policy development (eg Bedale and Leeming Bypass). The **risk prioritisation process** is designed to identify key risks that are a threat to the achievement of objectives, evaluate risk controls and ensure risk reductions are embedded within Service Performance Plans
 - Internal Audit (Veritau) review the effectiveness of the framework for identifying and managing risks on a regular basis. Any weaknesses identified are addressed and progress to rectify those weaknesses is monitored by the Corporate Risk Management Group as well as Internal Audit.
 - a progress report on risk management is made to the Audit Committee on a 6 monthly basis. The Audit Committee’s role is to assess the effectiveness of the authority’s risk management arrangements and to review progress on the implementation of risk management throughout the authority.
 - Corporate Directors provide an update on the progress of mitigating risks identified in their risk registers to Audit Committee once a year.
 - clear accountability is shown in both the Corporate Risk Management Policy and Strategy and as part of the risk register process.

(i) ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

- the County Council has approved and implemented a formal **Counter Fraud Strategy** which is reviewed annually by the Audit Committee. The Strategy is designed to minimise the risk of fraud and corruption by adopting and maintaining measures which prevent fraud occurring, that ensure instances of fraud which do occur are detected promptly and enable the robust action to be taken against any perpetrators.
- the **Counter Fraud Strategy** reflects the best practice guidance contained in the CIPFA Code of Practice on managing the risks of fraud and corruption. The Strategy is also aligned with a number of other policies and processes which the County Council has established to raise awareness of fraud risks and enable Members, employees, contractors and others to report concerns. These include fraud awareness training and publicity, the **Whistleblowing Policy** and associated systems, and the **Anti-Money Laundering Policy**.
- the risks of fraud and corruption are kept under constant review. A formal **Fraud and Loss Risk Assessment** is also completed each year by Internal Audit and the results are report to the Audit Committee. Preventative measures are taken to address any new or emerging risks.
- where instances of fraud are detected, Internal Audit (Veritau) will work closely with management and other agencies to ensure that the allegations are fully investigated, the extent of any losses is quantified, evidence is properly collected for further action (including possible criminal or disciplinary action), losses are recovered where possible and appropriate measures are taken to prevent any further occurrences.

(j) ensuring effective management of change and transformation

- a significant degree of change is as a result of the need to make budget savings. Progress is monitored on an on-going basis as part of the Revenue Budget monitoring exercise as reported in the Quarterly Report to the Executive.
- significant areas of change will require Executive approval and will often involve updates being brought back to a future Executive meeting. One such example is the 2020 North Yorkshire Programme where the Executive authorise release of funding to implement elements of the Programme as well as monitoring progress.
- significant change projects are managed by a Programme Board with appropriate governance arrangements. For example, the 2020 North Yorkshire Programme Board function is carried out by Management Board in recognition of the importance of the Programme. The task of this Board, and others, is to ensure that benefits are realised and that progress is on track and, where not, that corrective actions are taken. Similar governance arrangements can be found throughout all Service Directorates where there are significant change or capital programmes.

- there are also development interventions which are available for teams to utilise to support the embedding of new team structures, new ways of working and processes. These development interventions will also improve and support staff resilience in times of change, thus reducing health and wellbeing problems associated with significant change.
- a range of project and change managers specialist resource can be drawn upon where required. Guidance and training is available and provided across the council on project and change management where required.
- managing change is a key component in all of the staff development programme and particularly for management. The revised middle manager development programme has taken the opportunity to review material and bring together key support resources to assist.
- A suite of online resources, on a range of subjects regarding good performance management, engagement and change management is available for managers and staff.
- managers across the council are expected to embrace innovation and display the correct behaviours delivering change. This is set out in the behaviour and skills framework which is a fundamental part of the appraisal process.

(k) ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

- the **statutory duties of the Corporate Director – Strategic Resources** in relation to financial management derive from five principal sources:
 - ➔ Section 151 of the Local Government Act 1972
 - ➔ Section 114 of the Local Government Financial Act 1988
 - ➔ Local Government Act 2000 (particular decisions contrary to policy or budget)
 - ➔ Local Government Act 2003 (prudential limits for borrowing and investment)
 - ➔ Accounts and Audit Regulations 2015

The Corporate Director – Strategic Resources (CD-SR) drafts a **Medium Term Financial Strategy** and presents it (as least) annually to the Executive and the Council;- linked to this Strategy are the detailed **Revenue Budget, Savings Plan, Capital Plan, Treasury Management** arrangements and **Prudential Indicators**

The CD-SR is responsible for determining the accounting procedures, the form of financial records and statements and for maintaining the financial accounts of the County Council. The CD-SR also ensures that proper accounting arrangements are established in all Directorates. Individual Corporate Directors are responsible for the satisfactory operation of financial and accounting systems, and associated controls, within their Directorates – this responsibility is defined in the Financial Procedure Rules.

To support this process, there is an Assistant Director (qualified as an Accountant) allocated to each Directorate with specific responsibility for financial matters. The postholder sits on the Management Team of the Service Directorate and Strategic Resources.

It is the duty of all Service Managers within Directorates to plan and manage their budgets to meet the agreed bottom line budget figure for their Service Unit. This includes ensuring that adequate arrangements exist for monitoring revenue and capital budgets throughout the year, and taking action to adjust the budget to ensure that overall control of expenditure is maintained. The CD-SR is responsible for submitting a quarterly report to Executive on the overall Revenue Budget / Capital Plan position; this report is part of the Quarterly Performance and Improvement reporting arrangements referred to in **paragraph 3.2(d) above**

The CD-SR prepares and publishes an annual **Statement of Final Accounts** that conforms to all statutory and professional requirements, codes of practice and timetables

- the CD-SR is the Chief Financial Officer (CFO) for the purposes of compliance with the CIPFA Statement referred to in **paragraph 1.5** above
- **the County Council's appointed external auditor is KPMG:** They will publish an Annual Audit Letter on the completion of their audit that follows the end of each financial year
- under the Accounts and Audit Regulations 2015, the County Council has a legal responsibility to provide an adequate and effective **internal audit** of its records and control systems. The Council has delegated this responsibility to the CD-SR who provides the service through Veritau*

Using a risk assessment methodology, the Head of Internal Audit produces an **Annual Audit Plan** for approval by the Audit Committee; progress against this Plan is also reported quarterly to the CD-SR and to the Audit Committee.

In addition to carrying out the work specified in the Annual Audit Plan, Veritau* also provides –

- ➔ advice and assistance to service managers in the design and implementation of internal controls
- ➔ support to managers in the prevention and detection of fraud, corruption and other irregularities
- ➔ development of the Information Governance policy framework and the provision of advice and guidance on information governance related matters.

The Head of Internal Audit provides an **audit opinion**, based on the level of assurance gained by the work carried out, for each audit undertaken.

At the end of the financial year, a summary of the audit work carried out is reported to each Corporate Director and an audit opinion, based on the

overall level of assurance, is given for each Directorate. **The Head of Internal Audit also submits an Annual Report to the Audit Committee that includes his overall opinion on the adequacy and effectiveness of the framework of governance, risk management and control operating in the County Council as a whole.**

*see note in **paragraph 3.2(p)** below. The Head of Internal Audit is the CEO of Veritau

(l) ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the *Role of the Head of Internal Audit (2010)*

The Head of Internal Audit is responsible for reviewing and reporting on the adequacy and effectiveness of the County Council's control environment. The objective is to provide independent and objective assurance to management and those charged with governance, including the Corporate Director – Strategic Resources and the Audit Committee. Where weaknesses in control are identified then Internal Audit will support management to make the necessary improvements. The Financial Procedure Rules provide the framework for internal audit activities within the County Council, and define the respective roles and responsibilities of management and the Head of Internal Audit as well as confirming internal audit's rights of access to premises, information, records and other documentation. The specific objectives, scope and approach to internal audit are set out in the Audit Charter which is reviewed annually and subject to approval by the Audit Committee.

The CIPFA Statement on the Role of the Head of Internal Audit contains five principles which set out the governance arrangements necessary to ensure that the Head of Internal Audit is able to operate effectively and perform his/her core duties. The County Council's arrangements for internal audit have been assessed against the five principles and are considered to be compliant.

(m) ensuring effective arrangements are in place for the discharge of the monitoring officer function

The Council has appointed the Assistant Chief Executive Legal and Democratic Services as Monitoring Officer. The role and duties of the Monitoring Officer are contained in the Council's Constitution and appropriate resources are made available for him/her to undertake the role. The Monitoring Officer is a member of the Council's Management board, and has sight of all Committee and Executive reports before they are presented to Members.

(n) ensuring effective arrangements are in place for the discharge of the head of paid service function

The Council has appointed the Chief Executive as Head of Paid Service. The role and duties of the Head of Paid Service are contained in the Council's Constitution, and the Chief Executive leads the Council's Management Team and appropriate resources are made available for him/her to undertake the role.

(o) undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

- a separate Audit Committee has been in operation since April 2006. (**See Section 6 below**). A key role of the Audit Committee is to act as the responsible body charged with ensuring that a sound system of governance and internal control operates throughout the County Council. In doing so, it provides independent assurance to the Council on the adequacy of the risk management framework and the associated control environment and independent scrutiny of the County Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment. It also oversees the Procedure Rules that relate to Contracts, Finance and Property matters as well as the Information Governance and Counter Fraud arrangements. It is also responsible for scrutinising the Treasury Management policies and activities of the County Council and for ensuring that arrangements exist to secure value for money.

(p) ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

- the Assistant Chief Executive (Legal and Democratic Services) is currently the officer designated by the County Council as the **Monitoring Officer** and is responsible for performing the duties imposed by **Section 5 of the Local Government and Housing Act 1989** which relate to ensuring the legality of the Council's operations and the duties in the Localism Act 2011 relating to the promotion of high ethical standards. The Monitoring Officer is a member of the Management Board and attends and monitors decision making at the County Council, Executive and all Committees
- the Corporate Director – Strategic Resources is the Chief Financial Officer for the purposes of S.151 of the Local Government Act 1972 (see **paragraph 3.7(g)** for further details)
- the requirements of the **Data Protection** and **Freedom of Information** legislation are co-ordinated by an Information Governance Team (part of Veritau) which, working in conjunction with the Corporate Information Governance Group (CIGG), assist the Corporate Director – Strategic Resources in developing and implementing a comprehensive Information Governance Framework
- the County Council operates an **Information Security Management System** which is certified to the requirements of ISO/IEC 27001 (Information Security). Official Certification was received on 31 January

2011. Work to maintain this standard is coordinated by the Senior Information Security Compliance Officer working in conjunction with the Information Governance Team. Compliance has been maintained since this date with re-certification completed in 2013, and further review audits by BSI (British Standards Institute) carried out every six months.

- in addition, the County Council now operates an **Information Technology Service Management System** which was awarded certification to ISO/IEC 20000 in February 2013. ISO 20000 provides quality assurance to the processes, policies and procedures operated in the delivery of ICT Services to the council and is the only standard specifically aligned to Information Technology service delivery and service management. By achieving and maintaining certification of both standards this serves to deliver services which are compliant, quality assured, and provide continual improvement.
- Achieving certification to these standards demonstrates the County Council's continued commitment to protect the data we hold and provide secure IT systems to our staff, partners and citizens.
- the council is also certified to the **Public Sector Network (PSN) Code of Connection** version 2.7. The certifications have enabled the Council, for example, to be certified for connection to secure video conferencing with the Criminal Justice System. The certification also enabled our connection to the NHS.net. The standards allow us to use both the British Standards Institute kite mark and the United Kingdom Accreditation Service assurance mark.
- the Corporate **Health and Safety** Policy has been completely rewritten and adopted in May 2015. The Policy takes account of recent HSE guidance relating to the management of health and safety and sets out the key responsibilities of staff. To coincide with the introduction of the new Policy, work is on-going to identify the key risks that the Council faces in order to develop and implement suitable controls. Action plans are also being developed to ensure that health and safety risks are appropriately managed across the County Council.
- the County Council approved a revised **Equality and Diversity Policy Statement** in February 2012 . The County Council has also published equality information and objectives as required by the Equalities Act 2010
- there is a comprehensive annual plan for Employment Policies to ensure that all policies and practices adhere to all relevant legislation. All policy updates go through a full consultation with unions recognised by the County Council.
- **Internal Audit** operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual work programme is set out in an Audit Plan following the production of an Audit Risk Assessment and consultation with individual Directorates and the External Auditor. The Audit Committee approves the Audit Plan and receives, thereafter, regular reports on its progress. The Head of Internal Audit expresses an opinion on the framework of governance, risk management and control within each Directorate on an annual basis; he also submits an Annual Report to the Audit Committee which includes his/her overall opinion for the County Council as a whole. During 2015/16, the Audit Plan included audits on a number of corporate themes,

such audits are key to providing the appropriate assurance to the County Council that its overall governance arrangements remain effective.

(q) whistle blowing and for receiving and investigating complaints from the public

- the County Council has approved and implemented a formal **Whistleblowing Policy** which is reviewed annually by the Audit Committee
- the County Council has a **complaints procedure** that is advertised by leaflets and on its website. The procedure includes targets for acknowledging and responding to complaints in full.

(r) identifying the development needs of members and senior staff in relation to their strategic roles, supported by appropriate training

- developing the skills of Members is being targeted through a **Member Development Programme**, a dedicated online learning site and a suite of resources and training events. There is also a specific induction programme for any newly elected Member(s) and comprehensive induction following the election.
- the corporate **Workforce Plan** is supported by Directorate specific Workforce Development Plans which identify all developments and training requirements (including mandatory and regulatory) as well as individual needs, resulting from annual appraisals. The Plans detail how the needs of staff will be met and are reviewed, evaluated, and amended as necessary.

(s) establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

- **elected Members** have a significant role to play in ensuring compliance and propriety, either collectively (eg through the work of the Overview and Scrutiny Committees), and individually as local representatives, providing feedback from their constituents
- the County Council communicates the Vision of its purpose and intended outcomes for all stakeholders to enable accountability and encourage open consultation. To enable this, analysis of the County Council's

stakeholders is undertaken and **relevant and effective channels of communication** are developed. Key mechanisms include –

- publishing a Council Plan and annual Statement of Final Accounts to inform stakeholders and services users of the previous year's achievements and outcomes
- engagement with strategic partners through the publication of the North Yorkshire Community Plan and delivery of priority outcomes.
- opportunities for the public to engage effectively with the County Council including attending meetings
- a Citizens' Panel of 2000 residents who are consulted on a wide range of issues at least once a year
- consultation toolkit that provides advice to all staff about how to consult effectively
- an engagement promise setting out in simple terms how everyone who lives or works in the county, or uses the County Council's services can influence decisions relating thereto
- maintaining a County Council website that provides access to information, delivers services and opportunities for public engagement, including delivery of information required by the transparency agenda
- developing social media to inform and engage with residents on development of services, provision of information, responding to concerns and issues, etc
- publication of an e-newsletter, available by subscription or through the council website, covering news and information about the County Council and its services; there are currently over 4000 subscribers
- a partnership with 6 local newspapers to provide a monthly round-up of news and information specific for the local area, for local readers
- communicating and engaging with staff across the County Council, through a number of different internal communications channels

(t) enhancing the accountability for service delivery and effectiveness of other public service providers

- the County Council and the other eight local authorities in North Yorkshire Police Force area have established the North Yorkshire Police and Crime Panel as a joint committee to scrutinise the directly elected Police and Crime Commissioner as required by the Police Reform and Social Responsibilities Act 2011. The Panel is hosted by the County Council and has a work programme agreed by the Panel.

- the County Council has created a Health and Wellbeing Board and procured support services to provide the Local Healthwatch service as required under the Health and Social Care Act 2012.

(u) incorporating good governance arrangements in respect of partnerships and other joint working

- the County Council's Constitution and Finance Procedure Rules contain a number of important steps to be considered before the County Council becomes involved in a partnership, including the need for approval by the Executive or under the terms of the Delegation Schemes, of appropriate written governance arrangements and interaction with the County Council's decision making arrangements commensurate with the role of the partnership, the part played in it by the County Council, and the risks attached to that involvement. An annual report is made to the Audit Committee on the governance arrangements and work of partnerships.
- where the County Council is a substantial **equity holder in a company** (ie NYnet, Veritau, Yorwaste) it will ensure appropriate governance arrangements are in place both within the company and as between the company and the County Council. These will be based on the Local Code but also take into account the operational circumstances of the company.

4.0 ROLE OF THE CHIEF FINANCIAL OFFICER

- 4.1 In the County Council the Corporate Director – Strategic Resources fulfills the role of the CFO as defined in the CIPFA Statement referred to in **paragraph 1.5** above.
- 4.2 A full assessment of the criteria in the CIPFA Statement was undertaken. This area is picked up as part of the annual review of the Corporate Governance Checklist and the Corporate Director Strategic Resources is of the opinion that the County Council fully complies with the Statement.

5.0 REVIEW OF EFFECTIVENESS

- 5.1 The County Council has responsibility for formally conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
- 5.2 On behalf of the Audit Committee, and in conjunction with Corporate Directors and senior officers, the Corporate Governance Officers Group, (which includes the Monitoring Officer, Section 151 Officer and the Head of Internal Audit) reviews the effectiveness relating to the development and maintenance of the governance environment of the organisation on a regular and ongoing basis by referring, amongst others, to the work of
- ➔ the Executive
 - ➔ the Management Board
 - ➔ the Corporate Directors and their Service Unit Heads in the individual Directorates
 - ➔ the Internal Audit function (as carried out by Veritau) and the Insurance & Risk Management Section
 - ➔ the Standards Committee
 - ➔ the Audit Committee

→ the External Auditor (KPMG) and other external inspectorates

5.3 In relation to the Management Board, all of the Corporate Directors have prepared and signed individual **Statements of Assurance** for 2015/16 relating to the governance and internal control procedures, and the review thereof, in their service areas. In addition the Chief Executive has prepared and signed a further Statement of Assurance on behalf of himself and the Management Board as a whole.

5.4 This on-going review of the effectiveness of governance and internal control systems is also informed by the work of Veritau who have responsibility for providing assurance on the framework of governance, risk management and control, and also by comments made by the external auditors and other review agencies and inspectorates.

6.0 **ACTIVITIES OF THE AUDIT COMMITTEE**

6.1 During 2015/16 the Audit Committee met five times and -

- approved the Internal Audit work plan
- considered the annual fraud and risk loss assessment
- considered the work done by Veritau throughout the year. Where necessary, confirmation was requested from Corporate Directors that improvements in control were being made in line with agreed action plans
- considered the governance arrangements of the County Council's significant partnerships
- ensured that the ongoing work in relation to improvement issues on Corporate Governance, Information Governance, Business Continuity and Risk Management, was progressing
- considered the proposed Audit Plan of the External Auditor and reviewed any reports they have produced concerning the financial statements of the County Council for 2014/15
- considered the arrangements made by the County Council in securing value for money
- held separate one to one meetings with the External Auditor and the Head of Internal Audit
- reviewed the Contract, Finance, and Property Procedure Rules of the County Council
- considered the Treasury Management arrangements of the County Council and made recommendations for improvement to the Executive
- reviewed changes to the County Council's counter fraud policy framework
- considered the Annual Report of the Head of Internal Audit expressing his opinion on the overall controls environment operating within the County Council. This report also highlighted the significant breaches of Procedure Rules found by Veritau* during the year and the steps taken by management to address them
- agreed the Statement of Final Accounts submitted by the Corporate Director – Strategic Resources following robust challenge of the accountancy principles adopted

6.2 In addition the Audit Committee has:-

- ➔ reviewed the Terms of Reference in December 2015
- ➔ approved minor changes to the Internal Audit Charter
- ➔ reviewed arrangements for Corporate Governance within the Council including approval of changes to the Council's Local Code of Governance
- ➔ received training on relevant topics
- ➔ considered the corporate governance arrangements in respect of the North Yorkshire Pension Fund.

6.3 All this work has been used in supporting the preparation of the County Council's (ie this) Annual Governance Statement for 2015/16.

7.0 SIGNIFICANT GOVERNANCE ISSUES

- 7.1 The governance and internal control arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of the County Council's objectives have been mitigated.
- 7.2 On the basis of the review work carried out it was considered that the majority of the governance and internal control arrangements continue to fit for purpose and the overall governance framework was effective during the financial year 2015/16. **There were, however, some areas identified which require attention to address weaknesses and ensure continuous improvement of governance and internal control arrangements; included within this definition are issues related to service delivery, the satisfactory achievement of which will depend in some measure on changes to / improvements in governance and internal control arrangements.** Having regard to the published guidance on the governance framework, these are disclosed in the Table below.
- 7.3 As part of preparing the Table below, a review was undertaken of the issues identified in the equivalent Table in the 2014/15 Annual Governance Statement. Some of these issues were not fully resolved in 2015/16, but some of these "incomplete" issues have reappeared in the Statements of Assurance for 2015/16 prepared by Corporate Directors. Therefore, the items including the table below represent the list of key issues requiring attention in 2016/17.

Ref	Issue requiring improvement	Action taken to date / planned 2015/16
	TO BE UPDATED	

8.0 SUMMARY

- 8.1 The governance framework operating during 2015/16 is considered to have provided reasonable and objective assurance that significant risks impacting on the achievement of the County Council's principal objectives would be identified and actions taken to avoid or mitigate their impact.

8.2 This also includes the level of conformance with the Code of Managing the Risks of Fraud. Having considered all the principles, we are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

8.3 Some issues that require attention have, however, been identified and these are set out in **Section 7** above together with details of how they will be addressed during 2016/17. Reports on progress will be submitted to the Audit Committee.

9.0 SIGNATURES

9.1 We, the undersigned, accept primary responsibility for the content of this Annual Governance Statement and will over the coming year, take steps to address the matters identified in Section 7 of this Statement to further enhance the governance arrangements of the County Council. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the next annual review.

TO BE SIGNED

Signed:

Cllr Carl Les
Leader of the County Council

Date:

Richard Flinton
Chief Executive

Date:

Barry Khan
Assistant Chief Executive
(Legal and Democratic Services)
(Monitoring Officer)

Date:

Gary Fielding
Corporate Director – Strategic
Resources (Section 151 Officer)

Date:

9.2 I confirm that the Audit Committee (meeting on the 29 September 2016) was satisfied, on the basis of the information available to it, that this Annual Governance Statement for 2015/16 has been prepared and approved after due and careful enquiry.

Cllr Mike Jordan
Chairman of the Audit Committee

Date:

NORTH YORKSHIRE COUNTY COUNCIL

STATEMENT OF ASSURANCE 2015/16 BY CORPORATE DIRECTOR – BUSINESS & ENVIRONMENTAL SERVICES

The County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In discharging this accountability, all Members and senior officers of the County Council are responsible for putting in place proper risk management processes and internal controls to ensure the proper stewardship of the resources at its disposal.

As a Corporate Director and member of the Management Team, I have corporate responsibility for maintaining a system of sound internal controls and risk management processes within the County Council and service management responsibility for maintaining a system of sound internal controls and risk management processes within the Business & Environmental Services Directorate that support the achievement of both Corporate and the Directorate's objectives.

The system of internal controls is based on an ongoing process designed to identify the principal risks to the achievement of these objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As a Corporate Director, I have responsibility for reviewing the effectiveness of the system of internal control and risk management processes in the Business & Environmental Services Directorate. My review of the effectiveness of the system of internal controls has taken into account the following:-

- adequacy and effectiveness of management review processes
- outcomes from the formal risk assessment and evaluation process (Directorate Risk Register)
- relevant self-assessments of key service areas within the Directorate
- relevant internal audit reports and results of follow ups regarding implementation of recommendations
- outcomes from reviews of services by other bodies including Inspectorates, external auditors etc
- the framework of controls that operate in relation to individual partnerships where some aspects of the necessary controls are the responsibility of the partner to operate / apply

I also confirm that Business & Environmental Services Directorate understands the importance of keeping sensitive information secure and has the appropriate policies and procedures in place.

I am satisfied that a sound system of internal control has been in place for the financial year ended 2015/16 in the Business & Environmental Services Directorate. Nevertheless, during the year my review work has identified some areas for further development and these are set

out in the *attached schedule*. I propose to take steps to address the matters so identified which should enhance the system of internal controls. I will be monitoring to ensure their effective implementation and operation.

I also understand that this Statement of Assurance will be relied upon by those Members and Officers signing the Annual Governance Statement 2015/16 (the "Document") and by the Audit Committee reporting on the Document.

I therefore confirm that I am not aware of any material statement in, or omission from, the Document which would make the Document misleading. In respect of the Directorate for which I am responsible I can confirm that I have made due and careful inquiry and that the statements relating to my Directorate, in particular those contained in Section 3 of the Document, fairly represent the key elements of the internal control environment within my Directorate. I also confirm that there are no matters relating to my Directorate omitted from Section 7 of the Document which, in my view, merited inclusion.

The assurances given above are all based upon the information that has been made available to me.

Signed:

David Bowe
Corporate Director – Business & Environmental Services

Date:

**AREAS FOR FURTHER DEVELOPMENT IDENTIFIED
BUSINESS & ENVIRONMENTAL SERVICES DIRECTORATE**

	Areas for Development as Identified in 2015/16	Action Proposed	AGS?
A	<p>2020 North Yorkshire</p> <p>By May 2016 BES has delivered approximately £10m of savings against a target of £10.5m. The remaining £0.5m is on track to be delivered as planned by 1/4/2017.</p> <p>An ideas generation process launched in late 2015 has identified a range of new initiatives that could deliver at least a further £3m. Key projects include:</p> <ul style="list-style-type: none"> • Generating more income across a range of services, maximising opportunities from the Teckal arrangements (see Waste Management Strategy below), • Service and contract reviews • Review of sourcing of materials for Highways • Accelerating capital replacement programmes for street lighting and traffic signals to deliver early revenue savings. 	<p>a) Deliver outstanding 2020 savings projects by April 2017 - income generation in Highways and Transportation and Trading Standards restructure.</p> <p>b) Deliver outstanding projects to support the 2020 Customer programme – “Parish Portal”, PROW review, County Searches review, Online License applications.</p> <p>c) Continue to develop, when appropriate, robust business cases to support each new proposal in the BES.</p> <p>d) Accurately cost services provided to third parties to maximise income, as and when bids go forward.</p>	
B	<p>Business Intelligence</p> <p>The LGA review of highways service, as part of the Highways Maintenance Efficiency Programme (HMEP), concluded that we are data rich and there is a potential opportunity to further exploit that.</p>	<p>a) Develop an asset management data strategy as a way of standardizing the recording of highways assets and realizing further potential for utilizing the assets for improvement to the service. The work to take place over summer 2016.</p> <p>b) Where and when necessary, work with the Business Intelligence team to provide real-time or near real-time information for service managers.</p> <p>ML comment - This action links to corporate approach to provide</p>	

more insight/analysis from BI

C Strategic Economic Development

Following the completion of a Spatial Plan for York, North Yorkshire and East Riding, a Spatial Framework is being developed.

LEP funding streams continue to support the economic development of the county, including the Local Growth Deal funding of £123m

- a) A Spatial Framework will be developed by November 2016, it will update the previous plan looking forward to 2050 and provide a more strategic approach to future planning and infrastructure development.
- b) NYCC continues to liaise with and support the work of the LEP to successfully deliver EU and Growth Deal funding programmes. This is achieved through the IDSG and continuing to work with District Councils to support local economic development activity.

D Waste Management Strategy

To deliver the long term waste strategy including:

- The construction and operation of Allerton Waste Recovery Park with a construction completion date of early 2018.
- To develop Teckal arrangements for Yorwaste to achieve the best value from the Waste PPP Project at Allerton Waste Recovery Park.

The Teckal arrangement allows NYCC to award Yorwaste contracted work without requiring a full, open competitive procurement process. There is an established EU principle which permits this as long as the parties can demonstrate the control test (NYCC and CYC have more than 50% of Yorwaste board members) and the function test (which requires that greater than 80% of the company's activity is through public sector bodies).

- a) Complete time limited s106 planning agreement obligations and planning conditions during the construction phase.
- b) Ensure the County Council complies with commissioning obligations from the Waste PPP contract (anticipate start of commissioning in Summer 2017).
- c) Work closely with Yorwaste to monitor levels of waste throughput to ensure that these optimise the Authority's deliveries to Allerton Waste Recovery Park.
- d) Prior to Allerton Waste Recovery Park becoming operational put in place contract management systems to enable close observation of risks and to assist with the pricing mechanism with AmeyCespa.
- e) Continue to develop appropriate partnership working arrangements to optimise waste

		management arrangements.	
E	<p>Contract Management</p> <p>Additional work is focused on ensuring we maximize the value from our contracts which represents over 70% of gross expenditure in BES, including changing the remit of the Commercial Services Unit to focus on the management of Highways contracts, e.g. Highways Maintenance Contract (HMC2012).</p> <p>Resource is being utilised to review our key contracts to identify opportunities for savings, improving contractor/client relationships and effective performance management.</p>	<p>Civil Engineering Contractors Frameworks</p> <p>a) Benchmark the new frameworks against the existing HMC2012 to demonstrate VFM. Compare the costs of delivery over the financial year 2016/17.</p> <p>HMC2012</p> <p>b) Monthly review, management & agreement of performance through the new simplified Performance Management Framework.</p> <p>c) Monitor and record the quality and productivity of RIS and their sub-contractors in relation to basic maintenance works.</p> <p>d) Introduction of 360° Relationship Development Plan with monthly/quarterly/annual reviews.</p> <p>Professional Services</p> <p>e) Record and report KPI's relating to Mouchel performance.</p> <p>f) BS11000 accreditation for NYCC which will contribute towards achieving HMEP Band 3.</p> <p>g) Benchmarking Mouchel fees against internal service and previous provider.</p>	
F	<p>Highways Maintenance - Capital Funding</p> <p>In future years up to £5m of the Council's DfT Highways capital funding will be dependent on meeting the requirements of "Incentive element" which are around efficiency and asset management. Authorities are required to carry out a self-assessment against a set of national criteria and can be placed in either Band 1, Band 2 or Band 3 with the latter being</p>	<p>a) Achieve a Band 3 rating by the date of the HMEP self-assessment due November 2016</p> <p>b) Produce an updated gap analysis highlighting work needed to achieve the required band 3 assessment. This to be completed</p>	

	<p>the most efficient. The Department for Transport recognises the need for all authorities to go through their own improvement journey and therefore the requirement to achieve a certain banding to retain the full 'incentive element' increases over time.</p>	<p>by end June 2016 for implementation throughout summer and autumn 2016.</p> <p>c) Work with external partners is to look at the key areas required to achieve the band 3 rating including the capital programme, collaboration, benchmarking and asset management. Work to continue throughout summer and autumn 2016.</p>	
<p>G</p>	<p>Minerals and Waste Joint Plan</p> <p>The development of the Minerals and Waste Joint Plan as the basis for development control decision making.</p>	<p>a) Revise draft policy content for oil and gas development following completion of the joint Scrutiny Committee review on fracking (subject of report to Executive 14 June 2016).</p> <p>b) Complete other actions required to produce a final draft Plan for submission for examination in public, including updating the evidence base and undertaking key tasks required through recent 'critical friend' review</p> <p>c) Maintain close liaison with key partners to the Joint Plan (City of York Council and the North York Moors National Park Authority) to ensure efficient progress with the project</p>	

NORTH YORKSHIRE COUNTY COUNCIL

STATEMENT OF ASSURANCE 2015/16 BY CHIEF EXECUTIVE – CENTRAL SERVICES

The County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In discharging this accountability, all Members and senior officers of the County Council are responsible for putting in place proper risk management processes and internal controls to ensure the proper stewardship of the resources at its disposal.

As Chief Executive and member of the Management Team, I have corporate responsibility for maintaining a system of sound internal controls and risk management processes within the County Council and service management responsibility for maintaining a system of sound internal controls and risk management processes within the Central Services Directorate that support the achievement of both Corporate and the Directorate's objectives.

The system of internal controls is based on an ongoing process designed to identify the principal risks to the achievement of these objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As Chief Executive, I have responsibility for reviewing the effectiveness of the system of internal control and risk management processes in the Central Services Directorate. My review of the effectiveness of the system of internal controls has taken into account the following:-

- adequacy and effectiveness of management review processes
- outcomes from the formal risk assessment and evaluation process (Directorate Risk Register)
- relevant self-assessments of key service areas within the Directorate
- relevant internal audit reports and results of follow ups regarding implementation of recommendations
- outcomes from reviews of services by other bodies including Inspectorates, external auditors etc
- the framework of controls that operate in relation to individual partnerships where some aspects of the necessary controls are the responsibility of the partner to operate / apply

I also confirm that Central Services Directorate understands the importance of keeping sensitive information secure and has the appropriate policies and procedures in place.

I am satisfied that a sound system of internal control has been in place for the financial year ended 2015/16 in the Central Services Directorate. Nevertheless, during the year my review work has identified some areas for further development and these are set out in the *attached schedule*. I propose to take steps to address the matters so identified which should enhance the system of internal controls. I will be monitoring to ensure their effective implementation and operation.

I also understand that this Statement of Assurance will be relied upon by those Members and Officers signing the Annual Governance Statement 2015/16 (the "Document") and by the Audit Committee reporting on the Document.

I therefore confirm that I am not aware of any material statement in, or omission from, the Document which would make the Document misleading. In respect of the Directorate for which I am responsible I can confirm that I have made due and careful inquiry and that the statements relating to my Directorate, in particular those contained in Section 3 of the Document, fairly represent the key elements of the internal control environment within my Directorate. I also confirm that there are no matters relating to my Directorate omitted from Section 7 of the Document which, in my view, merited inclusion.

The assurances given above are all based upon the information that has been made available to me.

Signed:

Richard Flinton
Chief Executive – Central Services

Date:

**AREAS FOR FURTHER DEVELOPMENT IDENTIFIED
CENTRAL SERVICES DIRECTORATE**

	Areas for Development as Identified in 2015/16	Action Proposed	AGS?
A	<p>Medium Term Financial Strategy</p> <p>The MTFS, as agreed in February 2016 identified a £14m funding gap up to 2020.</p> <p>The government's Spending Review now extends to 2020 and the Council needs to decide whether it accepts the government's offer of a multi-year settlement.</p>	<ul style="list-style-type: none"> a) Decision to be made by 14 October 2016 as to whether to accept the government's offer of a multi-year settlement as part of an overall efficiency plan. b) Proposals to be brought forward that provide for the £14m funding gap over the period to 2020. c) Budget monitoring to continue as part of the quarterly reporting regime and to include the savings requirements as set out in 2020 North Yorkshire. d) Negotiations to continue with Health to secure current and future year allocations of the Better Care Fund. e) Consideration of further investment requirements and proposals in order to assist in delivery of savings and / or delivery policy priorities. Such proposals to be set out in the budget / MTFS in February 2017 and / or quarterly reports throughout 2016/17. f) Review of and feed in to the government's proposals for business rates retention and possible "needs review" for local government funding. g) Identify and firm-up possible additional funding streams including traded services to bridge the Council's funding gap. 	✓

B	<p>2020 North Yorkshire Programme</p> <p>2015/16 was the first full year of the 2020 North Yorkshire Programme and for 2016/17 it is a case of continue to run the programme to reap the benefits expected.</p> <p>Central Services plays a critical role within the Programme, in addition to the Directorate getting direct benefits, it acts as the Programme Management Office providing support and leadership to the Programme and thus ensuring benefits are achieved across NYCC.</p>	<ul style="list-style-type: none"> a) Continue to identify constraints and interdependencies between elements of the 2020 North Yorkshire Programme. b) Resourcing requirements including investment proposals to be identified where they can help improve the delivery of the 2020 North Yorkshire Programme. c) Building on the comments from the LGA Peer review, further develop good practice in production of business cases, ensuring a consistent application across the council. d) Development of an Investment group to ensure quality business cases are developed and investment are aligned with the council plan. e) Ensure on-going Member engagement at all levels from Executive through Overview and Scrutiny Committees and to all Members through Member's Seminars etc. 	✓
C	<p>Property</p> <p>Plans have now been formulated for rationalising large parts of the Council's property estate as part of the 2020 Modern Council programme. However the plans require investment and more detailed plans.</p> <p>In addition, there is also a need for the new arrangements relating to property design and management to bed-in. This includes the contract with Mouchel and the internalisation of some service delivery.</p>	<ul style="list-style-type: none"> a) Establish effective operational contract management arrangements with Mouchel following commencement of the service (ie put into practice what has been planned for) with effect from April 2016. b) Implement approved changes to operational property in Scarborough, Northallerton and Selby. c) In addition to the development of rationalisation proposals, new arrangements for the management of operational property are being implemented in order to ensure that 	

		efficiencies are gained by March 2017.	
D	<p>Superfast North Yorkshire</p> <p>Whilst the rollout of Superfast Broadband continues across North Yorkshire with the existing BT contract, there remains a shortfall of up to 10% which will require further intervention.</p>	<ul style="list-style-type: none"> a) Board set up to execute strategy to deal with the ‘final 10%. b) SFNY undertaking a procurement with £20.44m funding from NYCC/BDUK and ERDF to secure further coverage. c) Procurement will be complete by May 2017. d) It is anticipated that coverage of superfast broadband will exceed 95% on completion of any Phase 3 contract in 2018/19. e) Satellite voucher scheme in place to support any premise receiving less than 2 Mbps. 	
E	<p>SmartSolutions / Commercial</p> <p>The Council’s commercial arm, SmartSolutions, is transforming the way in which NYCC transacts services with external partners. The LGA peer review remarked that the Council is moving in the right direction with commerciality and should push on.</p>	<ul style="list-style-type: none"> a) To produce and monitor a plan covering existing products to new markets, existing products to existing markets, new products to existing markets and new products to new markets (ie business development plan). b) To manage and monitor the performance of sales against agreed targets c) To carry out a full review of training across the organisation d) To deliver a customer facing web site, Customer Relationship Management system and an intuitive self-serve model for customers e) Clear financial targets for traded services and financial support in place to ensure sound monitoring and reporting 	

		<p>arrangements to Board on targets and progress.</p> <p>f) Review of governance of SmartSolutions to ensure optimal approach across Council and that the Council secures the commercial skill-set required to succeed. This to include clear definition of responsibilities to determine who does what and when etc.</p> <p>g) Further training and initiatives to be considered (and implemented) to encourage mainstreaming of commerciality and net income generation across the Council.</p>	
F	<p>Delivery of savings / improvements across Central Services</p> <p>Central Services leads a programme of projects and initiatives for the directorate which are contributing to 2020 North Yorkshire and related initiatives.</p>	<p>a) Continue to identify and implement opportunities for savings and improvements between the County Council and Selby District Council as part of the Better Together Programme. Identify further opportunities for shared services.</p> <p>b) Implementation of projects and initiatives to improve internal efficiency and effectiveness. This includes the 2020 Finance Programme to improve financial systems and priorities financial support to greatest areas of risk. £250k target removed in April 2016 and further targets of £400k (2017-18) and £409k (2018-19). It also includes the Technology & Change 2020 Programme - £131k removed in April 16 and further targets of £433k (17-18), £434k (18-19) and £307k (19-20).</p> <p>c) Continue implementation of projects to manage demand</p>	

such as the Library Service Reconfiguration. Target: £100k removed from budget in 16-17 and £1400k removed in April 2017 for the 2017-18 financial year.

- d) Continue the implementation of projects to reduce demand and produce service reduction. This includes pursuing opportunities to rationalise business support staffing and make further savings through smarter procurement where spending can be aggregated and centralised. It also includes rationalisation in areas such as HR, LCS and CEX.
- e) Joining up of support services so that Managers across the council find it easier (for example by using feedback).
- f) Progress areas to achieve the 4% challenge across Central Services and initiate new projects etc as a result.

NORTH YORKSHIRE COUNTY COUNCIL

STATEMENT OF ASSURANCE 2015/16 BY CORPORATE DIRECTOR – CHILDREN AND YOUNG PEOPLE'S SERVICES

The County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In discharging this accountability, all Members and senior officers of the County Council are responsible for putting in place proper risk management processes and internal controls to ensure the proper stewardship of the resources at its disposal.

As a Corporate Director and member of the Management Team, I have corporate responsibility for maintaining a system of sound internal controls and risk management processes within the County Council and service management responsibility for maintaining a system of sound internal controls and risk management processes within the Children and Young People's Services Directorate that support the achievement of both Corporate and the Directorate's objectives.

The system of internal controls is based on an ongoing process designed to identify the principal risks to the achievement of these objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As a Corporate Director, I have responsibility for reviewing the effectiveness of the system of internal control and risk management processes in the Children and Young People's Services Directorate. My review of the effectiveness of the system of internal controls has taken into account the following:-

- adequacy and effectiveness of management review processes
- outcomes from the formal risk assessment and evaluation process (Directorate Risk Register)
- relevant self-assessments of key service areas within the Directorate
- relevant internal audit reports and results of follow ups regarding implementation of recommendations
- outcomes from reviews of services by other bodies including Inspectorates, external auditors etc
- the framework of controls that operate in relation to individual partnerships where some aspects of the necessary controls are the responsibility of the partner to operate / apply

I confirm that the Children and Young People's Services Directorate has a full set of business continuity plans and that they will continue to be refreshed as and when necessary and at least on an annual basis.

I also confirm that Children and Young People's Services Directorate understands the importance of keeping sensitive information secure and has the appropriate policies and procedures in place.

I am satisfied that a sound system of internal control has been in place for the financial year ended 2014/15 in the Children and Young People's Services Directorate. Nevertheless, during the year my review work has identified some areas for further development and these are set out in the *attached schedule*. I propose to take steps to address the matters so identified which should enhance the system of internal controls. I will be monitoring to ensure their effective implementation and operation.

I also understand that this Statement of Assurance will be relied upon by those Members and Officers signing the Annual Governance Statement 2014/15 (the "Document") and by the Audit Committee reporting on the Document.

I therefore confirm that I am not aware of any material statement in, or omission from, the Document which would make the Document misleading. In respect of the Directorate for which I am responsible I can confirm that I have made due and careful inquiry and that the statements relating to my Directorate, in particular those contained in Section 3 of the Document, fairly represent the key elements of the internal control environment within my Directorate. I also confirm that there are no matters relating to my Directorate omitted from Section 7 of the Document which, in my view, merited inclusion.

The assurances given above are all based upon the information that has been made available to me.

Signed:

Corporate Director – Children and Young People's Services

Date:

**AREAS FOR FURTHER DEVELOPMENT IDENTIFIED
CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE**

	Areas for Development as Identified in 2015/16	Action Proposed	AGS Inclusion?
A	<p>MTFS: Upholding service performance with reducing resources</p> <p>Maintaining and improving performance while meeting the savings targets required under the MTFS up to 2020 and continuing to deliver quality frontline services.</p> <p>This objective requires the management of risks faced from externally-driven pressures on the County Council and on partners, such as the NHS, at a time when the landscape and resources for services affecting children is changing rapidly.</p>	<ul style="list-style-type: none"> a) Monthly CYPS Programme Board to assess ongoing progress of all projects b) Assistant Director-chaired Project Boards oversee delivery of specific elements of change programme c) Live Risk Register in place d) Use of local and national Invest to Save opportunities e) Service Plans embedded through the directorate and being used as a live tool Individual Performance appraisals in place linked to delivery of the above service plans 	
B	<p>Budget Pressures</p> <p>Manage emerging budget pressures arising particularly in areas of high risk such as Disabled Children Services, SEN Transport and potentially impact on use of Dedicated Schools Grant brought about by new national funding formula for schools.</p>	<ul style="list-style-type: none"> a) Fundamental Budget Reviews undertaken b) Action Plans in place which are regularly monitored c) Implementation of new ways of delivery to create efficiencies d) Investigate potential impact of new schools system on use of DSG and prepare costed and timed action plans to mitigate any assessed negative impact 	
C	<p>Academies Programme</p> <p>We will work with schools and other parties to prepare for the changes occurring as a result of the government's stated ambitions of a fully academised system. We will also implement in the medium term a new delivery model for education services within the Council.</p>	<ul style="list-style-type: none"> a) Hold individual and collective discussions with education leaders across the county and investigate new models of organisation and improvement b) Promote local collaborative working 	

		<ul style="list-style-type: none"> c) Develop future delivery options for the Local Authority to enable it to fulfill continuing statutory roles d) Review the operation of the LA school improvement service e) Explore opportunities to increase trading capacity for services f) Continue to monitor the financial implications of structural changes such as an increasing number of academy conversions as part of the Quarterly monitoring process g) Enhance capacity to support collaborative activity and continue to monitor the impact of funding formula for schools, especially the impact on smaller, rural schools h) Seek to ensure structural decisions enhance and do not detract from current improvements in delivering good and outstanding schools and closing the gap in educational outcomes 	
<p>D</p>	<p>Preventative Services and Children in Care</p> <p>We will only look after children and young people when it is necessary to do so. We seek a further safe reduction in numbers of looked after children.</p> <p>Maintaining the recruitment and retention of high quality staff as a key priority.</p> <p>As a Partner in Practice LA to the DfE we are actively engaged in national improvement activity and innovation work aimed at enhancing social care services.</p>	<ul style="list-style-type: none"> a) Continue to learn from the lessons of LA inspection outcomes nationally. b) Actively engage in peer review activity regionally c) Further develop integrated partnership point of contact and appropriate timely allocation and assessment d) Robust gatekeeping and reducing arrangements where children are placed outside of the LA through new Exceptional Placements Panel e) Respond effectively to any key findings from the post-implementation review of new Prevention Service f) Ensuring that every child in care has a high quality permanent care plan which is being effectively progressed 	

		<p>including adoption</p> <ul style="list-style-type: none"> g) Mainstreaming of the nationally recognised Developing Stronger Families programme h) Ensure the new integrated Safeguarding Unit enhances partnership capacity i) Delivery against the No Wrong Door national Innovation Programme j) Being an employer of choice and thereby keeping agency staff usage to nil k) Secure funding as a nationally-recognised Partner in Practice to implement further innovation and improvement in social care services locally and elsewhere 	
<p>E</p>	<p>School Capacity and Resources</p> <p>Ensure we have enough school places to meet demands of an increasing pupil population.</p> <p>Assist schools in facing longer-term financial challenges including those arising from a new national funding formula.</p>	<ul style="list-style-type: none"> a) Implement approved capital Basic Need programme b) Continue to work with DfE, EFA and the Regional Schools Commissioner to secure adequate funding c) Monitor impact of national funding formula on North Yorkshire schools and seek to influence decisions taken by DfE regarding this d) Use DSG reserves to assist schools as they transition to changes in funding and structure e) Enhance collaboration capacity and continue to monitor the impact of funding formula for schools, especially the impact on smaller, rural schools f) Consolidate role of the NY Education Partnership, bringing together decision-making processes for funding, school improvement and 	

		school organisation	
F	Special Educational Needs and Disabilities		
	<p>Ensure we meet the statutory expectations of Part 3 of the Children and Family Act relating to high quality support for children with SEN(D).</p> <p>Ensure new arrangements for Direct Payments for Disabled Children are in place with appropriate management controls</p>	<ul style="list-style-type: none"> a) Progress external area reviews of SEND and High Needs provision b) Jointly commissioned improvement activity with partners (e.g. NYPACT and Flying High Group) c) Review and Implement strategy for supporting disabled children, young people and families d) Ensure a clear accessible Local Offer describing support available in the county is in place e) Prepare well for impending OFSTED Inspection f) Enhance arrangements for transition to adulthood g) Transfer of service to HAS Direct Payments Service h) Refresh of all Direct Payments procedures i) Quarterly monitoring of the Direct Payments service to follow up actions highlighted in recent audit report 	

NORTH YORKSHIRE COUNTY COUNCIL

STATEMENT OF ASSURANCE 2015/16 BY CORPORATE DIRECTOR – HEALTH AND ADULT SERVICES

The County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In discharging this accountability, all Members and senior officers of the County Council are responsible for putting in place proper risk management processes and internal controls to ensure the proper stewardship of the resources at its disposal.

As a Corporate Director and member of the Management Team, I have corporate responsibility for maintaining a system of sound internal controls and risk management processes within the County Council and service management responsibility for maintaining a system of sound internal controls and risk management processes within the Health and Adult Services Directorate that support the achievement of both Corporate and the Directorate's objectives.

The system of internal controls is based on an ongoing process designed to identify the principal risks to the achievement of these objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As a Corporate Director, I have responsibility for reviewing the effectiveness of the system of internal control and risk management processes in the Health and Adult Services Directorate. My review of the effectiveness of the system of internal controls has taken into account the following:-

- adequacy and effectiveness of management review processes
- outcomes from the formal risk assessment and evaluation process (Directorate Risk Register)
- relevant self-assessments of key service areas within the Directorate
- relevant internal audit reports and results of follow ups regarding implementation of recommendations
- outcomes from reviews of services by other bodies including Inspectorates, external auditors etc
- the framework of controls that operate in relation to individual partnerships where some aspects of the necessary controls are the responsibility of the partner to operate / apply

I also confirm that the Health and Adult Services Directorate understands the importance of keeping sensitive information secure and has the appropriate policies and procedures in place.

I am satisfied that a sound system of internal control has been in place for the financial year ended 2015/16 in the Health and Adult Services Directorate. Nevertheless, during the year my review work has identified some areas for further development and these are set out in the attached schedule. I propose to take steps to address the matters so identified which should enhance the system of internal controls. I will be monitoring to ensure their effective implementation and operation.

I also understand that this Statement of Assurance will be relied upon by those Members and Officers signing the Annual Governance Statement 2015/16 (the "Document") and by the Audit Committee reporting on the Document.

I therefore confirm that I am not aware of any material statement in, or omission from, the Document which would make the Document misleading. In respect of the Directorate for which I am responsible I can confirm that I have made due and careful inquiry and that the statements relating to my Directorate, in particular those contained in Section 3 of the Document, fairly represent the key elements of the internal control environment within my Directorate. I also confirm that there are no matters relating to my Directorate omitted from Section 7 of the Document which, in my view, merited inclusion.

The assurances given above are all based upon the information that has been made available to me.

Signed:

Richard Webb
Corporate Director – Health and Adult Services

Date:

**AREAS FOR FURTHER DEVELOPMENT IDENTIFIED
HEALTH AND ADULT SERVICES DIRECTORATE**

	Areas for Development as Identified in 2015/16	Action Proposed	AGS
A	<p>Demand outstrips budget provision for adult social care</p> <p>HAS have developed a resource predictive model based on nationally approved population and demographic trend analysis.</p>	<p>These tools and techniques will be used to:</p> <ul style="list-style-type: none"> • Monitor the forecasting model to predict the pattern and anticipated cost which could occur within the County. • Continue to draw down from the incremental budget provision per annum from within the MTFS. • Monitor the trend information on a quarterly basis to ensure awareness of cost and volume changes relating to service delivery including through the use of real time business intelligence led performance dashboards in 2016/17. • At least biannual Locality based Care and Support reviews focussed around budget, demand, market and practice. • Further zero based budget review will take place in 16/17 with the integrated finance team to fully consider cost drivers and issues. 	
B	<p>Implementation of Change and the Improvement Agenda and the linked budget savings</p> <p>As an integral part of the Council's overall 2020 North Yorkshire Programme HAS has an ambitious efficiency and transformational programme which seeks to:</p> <ul style="list-style-type: none"> • make cost savings by improving service outcomes and redesigning service delivery • reduce demand for high cost 	<ul style="list-style-type: none"> • A full detailed line by line review of the savings programme has been undertaken together with completion of benefit profiles. • A programme approach with reviewed governance arrangements to manage and monitor the savings projects. This enables monitoring of the 	

	<p>services as well as disinvesting in traditional forms of service delivery.</p> <ul style="list-style-type: none"> • invest in prevention services and supporting people at home. • increase the range of supported accommodation through Extra Care. 	<p>achievement of individual projects and oversight of the overall programme.</p> <ul style="list-style-type: none"> • The Programme includes adequate corporate project management and business change support. • The HAS Leadership Team will receive monthly reports to allow the monitoring of progress and identification of interdependencies and risks. It will also monitor and review progress and delivery of the change and savings programme to ensure delivery against key objectives and within available resources. • HAS will continue to play a key role in shaping the Councils' approach to cross cutting issues. These include the 'Stronger Communities' approach and the corporate work relating to customer services. 	
<p>C</p>	<p>Market Forces</p> <p>Market forces lead to increases in the cost of care that cannot be contained within budgets, or threaten market disruption, and service continuity.</p>	<ul style="list-style-type: none"> • Continue to monitor and agree medium term rates for residential and nursing care following the cost of care exercise. Ensure forward planning of living wage impacts. • Review the procurement options for phase 2 of domiciliary care, learning from phase 1. • Undertake specific market development project linking with Domiciliary Care phase 2. 	
<p>D</p>	<p>Deprivation of Liberty (DoLS)– Supreme Court ruling</p> <p>A Supreme Court ruling in 2014 has had significant implications for operational practice and consequent costs. The issue continues to be significant.</p>	<ul style="list-style-type: none"> • Detailed regular monitoring of DoLS at HAS Leadership Team • Ensure NYCC able to meet the requirements for domestic settings (DoL), learning from DoLS experience. 	

<p>E</p>	<p>Working with the NHS</p> <p>The Council is working with the NHS to establish new financial and operational working arrangements arising from the changes through the Better Care Fund (BCF).</p>	<ul style="list-style-type: none"> • The 16/17 BCF requires agreement with appropriate funding for Social Care. Regular dialogues through the Health and Wellbeing Board and sub committees in place. Formal legal agreement to be produced. • Regular financial and scheme delivery monitoring takes place in joint Locality Boards based and through the commissioner forum. • BCF will require agreement for Delayed transfers of care target taking into account funding proposed. • The Council is actively involved in the health sector Sustainability and Transformation planning process. • Governance is established to allow escalation of issues and consideration of in year revisions to the plan. 	
<p>F</p>	<p>2017/18 Restructure preparation</p> <p>The restructure of Care and Support Teams effective from the 1 April 2017.</p>	<ul style="list-style-type: none"> • Ensure new model for operation is understood and appropriate training and communications in place. • Early appointment to key practice change roles. • Close monitoring of in year performance through HAS Leadership Team and locality budget reviews. • Define cost envelope to ensure saving delivered within existing spend. 	

NORTH YORKSHIRE COUNTY COUNCIL

STATEMENT OF ASSURANCE 2015/16 BY CHIEF EXECUTIVE FOR MANAGEMENT BOARD

REVIEW OF EFFECTIVENESS

The County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and establishing a sound system of internal control and arrangements for the management of risk.

In accordance with the Accounts and Audit Regulations 2015, the County Council is also responsible for conducting, at least annually, a review of the effectiveness of its systems of internal control. The Corporate Governance Officer Group (which includes the Monitoring Officer, the Section 151 Officer and the Head of Internal Audit), in conjunction with the Corporate Directors and other senior officers, co-ordinates the ongoing review of the County Council's control environment. The work of the Corporate Governance Officer Group feeds into the Audit Committee.

In undertaking its work, the Corporate Governance Officer Group obtains assurance on the County Council's control environment from a number of sources, including the annual Statements of Assurance (SoA) completed by the Chief Executive, Corporate Directors and Management Board.

STATEMENT OF ASSURANCE – MANAGEMENT BOARD

The Management Board is responsible for implementing all County Council policies and decisions, providing advice to Members, and for co-ordinating the work of the Directorates.

In discharging our duties as the corporate management team, matters may come to our attention which we consider to be evidence of significant control weaknesses (see Note 1 below).

Notwithstanding the processes involved in reviewing effectiveness, some areas for further development were identified by Management Board during the 2015/16 year, and these are set out in the *attached schedule*. I intend to ensure that, via Management Board, these matters will be addressed, and I will be monitoring their effective implementation and generation.

The contents of this Assurance Statement were formally reviewed and agreed by Management Board on

Signed on behalf of Management Board
By the Chief Executive

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Date

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Note 1

Factors considered when deciding if an issue is evidence of a significant control weakness:

- the issue has seriously prejudiced or prevented achievement of a principal County Council objective or priority
- the issue has resulted in a need to seek significant additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from one service area to another
- the issue has led to a material impact on the financial standing of the County Council
- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the County Council
- the issue has resulted in formal action being taken by the S.151 Officer and / or the Monitoring Officer

Note 2

Where appropriate evidence should be available (eg action plan) to show how the identified control weaknesses have been addressed.

**AREAS FOR FURTHER DEVELOPMENT IDENTIFIED
MANAGEMENT BOARD**

	Areas for Development as Identified in 2015/16	Action Proposed	AGS?
A	<p>Modernising of the Council to ensure preparedness for 2020 and beyond. This includes the Modern Council Programme; enhancing the performance management framework; and SmartSolutions / the Commercial workstream.</p>	<ul style="list-style-type: none"> a) Complete the roll-out of ICT equipment across the council following user workshops to ensure good fit and productivity is further improved. b) The rationalisation of property plans for Northallerton and Scarborough are implemented in 2016/17 in line with approvals from Programme Board. c) The Innovations Awards are run again to celebrate and encourage staff generated ideas. d) A clear process is put in place that allows all staff to set out ideas and provides support to produce business cases and for successful ideas to be taken forward. e) SmartSolutions is taken forward on a traded basis and a more commercial approach is mainstreamed across the Council. 	✓
B	<p>Ensuring that the Council has good decision making backed up by sound advice and it works its way through a significant period of change.</p> <p>This is regarded as an area that will always be important particularly during a period of significant savings and enhanced probability of legal challenges.</p>	<ul style="list-style-type: none"> a) Ensuring that legal, HR and financial issues are all well considered as part of decision making. b) Ensuring that Members are well informed as part of the decision making process. c) Delivering good communications and conducting the appropriate consultations in order to further develop proposals and mitigate the risks of challenge. 	✓
C	<p>Ensure good governance over significant projects</p>	<ul style="list-style-type: none"> a) On-going monitoring of key major projects including Extra Care Programme, Bedale, 	✓

		<p>Aiskew, Leeming Bar Bypass (due to complete prior to Sept 2016), Waste Management Teckal, 2020 NY Programme in line with their respective timetables.</p> <p>b) Sound business cases are produced which articulate the benefits of investment decisions.</p> <p>c) Liaison with Overview & Scrutiny Committees to establish more complex projects that may merit greater levels of scrutiny.</p>	
D	<p>Ensure that the County is able to take advantage of any Devolution opportunities with particular benefit for the economy.</p>	<p>a) Production and submission of “asks” of Government in order to promote the economy of North Yorkshire either as part of Greater Yorkshire or on smaller sub-regional footprint.</p> <p>b) On-going support to the LEP at strategic level and acting as accountable body.</p> <p>c) On-going dialogue with district councils and neighbouring councils in order to maximise impacts.</p>	✓
E	<p>Ensuring effective Health and Safety Policy and procedures across the Council, particularly in light of the prosecution from the HSE</p>	<p>a) Implementation of action plan produced by Health & Safety Team in response to HSE prosecution.</p> <p>b) Training delivered to senior management across the Council by summer 2016 to ensure leadership roles clear.</p> <p>c) Revised mandatory training programme is rolled out across the council.</p>	✓
	<p><u>Notes</u></p> <p>Info Governance – currently covered on CS SoA</p> <p>Working with Health – currently covered on HAS SoA</p> <p>SmartSolutions – currently covered</p>		

	on CS SoA		
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CORPORATE GOVERNANCE CHECKLIST

Examples of Improvements made between May 2015 and April 2016

Improvements	Reference	Requirement
	Principle 1	Focusing on the purpose of the authority and on outcomes for the community and create and implementing a vision for the local area
<ul style="list-style-type: none"> • Latest Council Plan published with updated visions, values and aspirations 	1.1.1	Develop and promote the authority's purpose and vision
<ul style="list-style-type: none"> • LGA corporate peer review carried out • Review of 2020 governance and areas of future focus for Programme Board carried out 	1.1.2	Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements
<ul style="list-style-type: none"> • Introduction of 'plan on a page' service performance planning framework • Effective reporting and evaluation arrangements to Health and Wellbeing Board for Joint Health and Wellbeing Strategy and Better Care Fund established 	1.2.1	Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available
<ul style="list-style-type: none"> • Development of SmartSolutions 	1.3	Ensuring that the authority makes best use of resources and that taxpayers and service users receive excellent value for money

Improvements	Reference	Requirement
	Principle 2	Members and officers working together to achieve a common purpose with clearly defined functions and roles
<ul style="list-style-type: none"> Chief Executive's manager seminars and management team led 'Shared Conversation' sessions 	2.1	Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function
<ul style="list-style-type: none"> Review of and changes made to FPR, CPR and PPR 	2.2.1	Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required
<ul style="list-style-type: none"> Annual equal pay audit carried out 	2.3.2	Set out the terms and conditions for remuneration of Members and officers and an effective structure for managing the process including an effective remuneration panel
<ul style="list-style-type: none"> Introduction of 'plan on a page' service performance planning framework 	2.3.3	Ensure that effective mechanisms exist to monitor service delivery

Improvements	Reference	Requirement
	Principle 3	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
<ul style="list-style-type: none"> • Information Security swoops carried out 	3.1.2	Ensure that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols
<ul style="list-style-type: none"> • None 	Principle 4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
	Principle 5	Developing the capacity and capability of members and officers to be effective
<ul style="list-style-type: none"> • Review of the Behaviour and Skills framework and other relevant key documents as part of the 2020 Organisational Development work stream carried out 	5.1.2	Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority.
<ul style="list-style-type: none"> • Review of mandatory training for Information Governance and Health & Safety carried out • Carried out mandatory training on Prevent for safeguarding staff • Carried out mandatory training on DBS (Disclosure and Barring Service) • Carried out Member training on MTFs and expenses 	5.2.1	Assess the skills required by Members, officers and managers and make a commitment to develop those skills to enable roles to be carried out effectively

Improvements	Reference	Requirement
	Principle 6	Engaging with local people and other stakeholders to ensure robust public accountability
<ul style="list-style-type: none"> • Consideration of Library consultation outcome, analysis and report to Exec carried out 	6.2.3	Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users including a feedback mechanism for those consultees to demonstrate what has changed as a result.
<ul style="list-style-type: none"> • Staff engagement survey, analysis and response carried out 	6.3.1	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

Examples of Improvements to be made between May 2016 and April 2017

Improvements	Reference	Requirement
	Principle 1	Focusing on the purpose of the authority and on outcomes for the community and create and implementing a vision for the local area
<ul style="list-style-type: none"> • Further discussions with Health on Integration • Further discussions with stakeholders on Devolution 	1.1.1	Develop and promote the authority's purpose and vision
<ul style="list-style-type: none"> • Carry out recommendations and considerations from corporate peer review 	1.1.2	Review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements
<ul style="list-style-type: none"> • Review of performance management and link to appraisals 	1.2.1	Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available

Improvements	Reference	Requirement
<ul style="list-style-type: none"> Review the structure and functions of traded operations within the council (SmartSolutions) 	1.3	Ensuring that the authority makes best use of resources and that taxpayers and service users receive excellent value for money
	Principle 2	Members and officers working together to achieve a common purpose with clearly defined functions and roles
<ul style="list-style-type: none"> Review of Community Engagement guidelines and toolkit 	2.3.4	Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated
<ul style="list-style-type: none"> None 	Principle 3	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
	Principle 4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
<ul style="list-style-type: none"> Complete other actions required to produce a final draft Minerals and Waste Joint Plan 	4.2.1	Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical and financial issues and their implications

Improvements	Reference	Requirement
	Principle 5	Developing the capacity and capability of members and officers to be effective
<ul style="list-style-type: none"> Ongoing use of Member seminars to inform on topical issues 	5.2.1	Assess the skills required by Members, officers and managers and make a commitment to develop those skills to enable roles to be carried out effectively
	Principle 6	Engaging with local people and other stakeholders to ensure robust public accountability
<ul style="list-style-type: none"> Deliver and implement integration plans with CCGs including Vanguard 	6.1.2	Consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required
<ul style="list-style-type: none"> Work with Local Communities and formalise arrangements for future delivery of library service 	6.2.3	Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users including a feedback mechanism for those consultees to demonstrate what has changed as a result.
<ul style="list-style-type: none"> Ensure all relevant Partners sign up to agreed multi agency data sharing protocol 	6.2.5	Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

Improvements	Reference	Requirement
<ul style="list-style-type: none"><li data-bbox="253 244 770 276">• Implement staff survey outcomes	6.3.1	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

23 JUNE 2016

**INTERNAL AUDIT WORK FOR THE CHILDREN AND YOUNG PEOPLE'S 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 31 May 2016 for the Children and Young People's Services Directorate (CYPS) 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 Children and Young Peoples Services (CYPS), the Committee receives assurance through the work of internal audit (as provided by Veritau Ltd), as well as receiving a copy of the latest directorate risk register and the relevant Statement of Assurance.
- 2.2 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 work of internal audit is reported in accordance with an agreed programme of work with this report covering audits finalised in the 12 months from 1 June 2015 to 31 May 2016. 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 CARRIED OUT DURING THE YEAR ENDED 31 MAY 2016

- 3.1 The audit of schools has changed in recent years with a reduction in the number of individual school audits being carried out. The majority of audit work within schools is now performed as part of themed audits, where a specific topic is reviewed across a range of schools. During these audits feedback is provided to each school visited, but the audit report is issued to CYPS and includes common issues or best practice. CYPS then produces a response which is aimed at improving standards across all schools.
- 3.2 Details of internal audit work undertaken within the directorate and the outcomes of these audits are provided in **appendix 1**.
- 3.3 Veritau has also been involved in a number of other areas of work in respect of the directorate. This work has included:

- (a) providing a series of training courses for school governors on financial controls and the School Financial Value Standard (SFVS);
 - (b) monitoring and reviewing SFVS returns and drafting the DfE return;
 - (c) reviewing LMS Procedure Rules, in conjunction with school representatives and officers from Finance and Management Support, Legal Services and the Corporate Property Landlord Unit;
 - (d) contributing to training sessions at the termly school bursar conferences;
 - (e) offering advice to schools on tendering and quotation procedures in connection with devolved capital works;
 - (f) keeping schools informed of best practice and recent developments;
 - (g) publishing advice for schools on counter-fraud arrangements to enable them to comply with the requirements of the LMS Scheme;
 - (h) carrying out a number of other special investigations that have either been communicated via the Whistleblowers' hotline or have arisen from issues and concerns raised with Veritau by CYPs management.
- 3.4 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**.
- 3.5 It is important that agreed actions are formally followed up to ensure that they have been implemented. Veritau now 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.**
- 3.6 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:

¹ For the County Council this is the Head of Internal Audit.

² For the County Council this is the Audit Committee.

- (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 (i.e. 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 Children and Young People's Services Directorate is that it provides **Substantial Assurance**. There are no qualifications to this opinion and no reliance was placed on the work of other assurance bodies in reaching that opinion.

5.0 **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 Children and Young People's Services Directorate is both adequate and effective.

MAX THOMAS
Head of Internal Audit

Veritau Ltd
County Hall
Northallerton

9 June 2016

BACKGROUND DOCUMENTS

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

Report prepared by Ian Morton, Audit Manager, Veritau and presented by Max Thomas, Head of Internal Audit.

AUDIT REPORTS ISSUED IN THE YEAR TO 31 MAY 2016

	System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
A	Traded Services for Schools	High	A review of the new system introduced for delivering traded services to schools (SmartSolutions). The new arrangements include a centralised support unit and the introduction of a new customer relationship management system.	October 2015	<p>SmartSolutions Online is a relatively new service that is continuing to evolve. The service has developed suitable processes during its first year of operation and these are being applied effectively. The key findings of the audit were:</p> <ul style="list-style-type: none"> • Charges for the various traded services are reviewed frequently to ensure they continue to be commercially viable • Schools and other service users all have the capability to monitor the delivery of services • Generally the user access to the SmartSolutions Online system is well controlled. However, when an account is disabled the reason is not recorded. 	<p>One P3 action was agreed</p> <p>Responsible Officer SmartSolutions Performance and Quality Officer</p> <p>The issue has been referred to the systems provider however, SmartSolutions is also looking to develop a new website for trading with schools and other audiences and the result of the audit will be taken into the scoping requirements for the new site.</p>
B	Developing Stronger Families Review 1	High	The DCLG framework for the Troubled Families Programme requires internal audit to carry out a representative sample of	May 2016	Suitable evidence was available to support the claim for each family within the sample. The method used to identify families is based around property numbers which could become an issue if	<p>One P3 action was agreed.</p> <p>Responsible Officer DSF Co-ordinator</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
			at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved against the Outcome Plan. This audit covered the claim to September 2015.		the family moved repeatedly or if there is more than one family living in a property.	A unique numbering system that identifies the relationships involved with the at risk children has been agreed and is in the process of implementation.
C	Special Educational Needs	Substantial	<p>The audit reviewed the systems established following the delegation of SEN budgets to schools. This included reviewing the controls in place to ensure:</p> <ul style="list-style-type: none"> allocations to schools for Element 3 Top Up funding are correctly calculated systems are updated in a timely fashion to ensure accurate payments are made budget variances are identified 	May 2016	Generally procedures were found to be good. One issue was identified with the monitoring of statement reviews and in some cases reminders had not been sent to schools. Therefore it was not possible to confirm that all pupils with a SEN statement had received an annual review. For those pupils where the change in SEN funding is not planned this can also result in delayed payments to schools.	<p>One P2 and three P3 actions were agreed.</p> <p>Responsible Officers Assistant Director – Inclusion and Assistant Director – Strategic Resources Senior Commissioning and Contracts Officer</p> <p>Reminders are now sent. However, a position statement is being drawn up to check the status of all current statements and Education Health and Care Plans (EHCPs).</p> <p>The process for updating funding allocations has been amended.</p>

	System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
			<ul style="list-style-type: none"> payments are not made to schools where there is no agreed SEN statement in place. 			
D	High Needs SEN	Substantial	<p>The audit reviewed the controls in place to ensure:</p> <ul style="list-style-type: none"> allocations to schools for Element 3 Top Up funding are correctly calculated systems are updated in a timely fashion to ensure accurate payments are made budget variances are identified payments are not made where there is no agreement in place. 	May 2016	<p>The calculation of funding was found to be accurate. However, there are educational establishments in receipt of Element 3 Top Up funding from the County Council for students over the age of 16 where there is no signed agreement in place. Individual placement agreements had not been issued in all of the sample cases or had been issued with incorrect amounts.</p>	<p>Two P2 and Two P3 actions were agreed.</p> <p>Responsible Officers Assistant Director – Inclusion and Assistant Director – Strategic Resources Senior Commissioning and Contracts Officer</p> <p>Action was taken by following up with the providers to increase returns. This had some success, notably with external providers. However, it remains and issue and therefore advice is being obtained Legal Services regarding possible sanctions for those providers who do not return signed contracts.</p> <p>The Contracts' Register is now updated as soon as a new contract is issued. When combined with the new "funding sheet process" this will achieve improved accuracy. The errors identified in the audit have all been corrected.</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
E	Themed School Audit - Consistent Financial Return	High	The audit reviewed the arrangements schools have put in place to complete and submit the CFR. The audit also examined the accuracy of the figures and the availability of supporting evidence.	May 2016	Generally procedures were found to be good and all the schools in the sample felt they received appropriate support from the County Council. Issues were identified in some schools where there was no evidence to support accrual figures.	<p>Three P3 actions were agreed.</p> <p>Responsible Officers Head of Finance – Schools FMS Team Manager</p> <p>Year end closedown guidance for schools will be reviewed to ensure schools are aware of the need to retain evidence of accruals.</p>
F	Themed School Audit - Value for Money	Substantial	The audit reviewed the actions taken by a sample of schools to achieve Best Value. This included a review of benchmarking, budget monitoring, SFVS returns and the level of challenge provided by governing bodies to achieve efficiencies.	May 2016	<p>The audit identified a number of areas of good practice including the review of contracts, purchase of an electronic asset management system, restructuring, use of short term contracts and shared use of facilities.</p> <p>The majority of schools use NYCC benchmarking data and almost all of schools visited collaborate with others. However, in a number of schools governing body minutes did not provide evidence of suitable challenge from governors. Some schools were also unable to demonstrate that reports are provided to governors in advance of meetings hence restricting the ability of governors to provide the appropriate level of challenge.</p>	<p>Three P2 actions were agreed.</p> <p>Responsible Officer FMS Team Manager</p> <p>The issues identified in the audit are to be discussed with the Governors' Unit with the aim of reviewing both the finance training provided to governors and the guidance given to clerks.</p>

	System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
G	Children's Direct Payments	Limited	The audit reviewed whether; payments were made based upon correctly completed and authorised documentation; payments were correctly calculated, made in a timely manner and to a person entitled to receive the payment; and there were effective monitoring arrangements in place.	May 2016	<p>A number of issues were identified, mainly relating to the quality of monitoring. Monitoring is mainly carried out via area offices and in many cases the quality of monitoring varies between different areas. Examples include:</p> <ul style="list-style-type: none"> • monitoring of some direct payments is not being undertaken until initial reviews have been completed, however initial reviews are not being undertaken promptly • current monitoring arrangements that are not sufficiently robust to be confident that the assessed needs of the child are being met and that the direct payment is being used appropriately • recipients of direct payments are not submitting the necessary documentation nor completing the DP Monitoring Form • inconsistent monitoring of managed accounts • a number of accounts with a sum in excess of the nine 	<p>Eight P2 actions and six P3 actions were agreed.</p> <p>Responsible Officer Assistant Director – Inclusion</p> <p>The last audit report highlighted a number of issues and an action plan was drawn up. This plan included a training session which was held on 2 June 2015 and reinforced the roles and responsibilities of the staff who carried out most of the work, such as payments and monitoring. However, despite this training, the expected improvements did not occur. Aware of this, CYPS Management, decided to review once again the operation of the service which is carried out largely by Business Support Staff in various areas around the county, including a central finance admin team, who liaise with and provide information to social workers working with disabled children and their families. When it was clear that this was not happening and that monitoring was not taking place, CYPS Management intervened and looked at a change in how the service was undertaken. After a period of investigation, it was decided to request the HAS Direct Payments Service to undertake this role. A full scope for delivering the service has been drawn</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
					week contingency where there was no evidence of how that funding was used.	up as has other new documentation. Work has been undertaken to enable HAS workers access to the Children's Services database and this has now been achieved with implementation expected in June. A copy of these audit findings have been sent to the new service to ensure that all actions are covered, but they will be reviewed by the Assistant Director – Inclusion at quarterly intervals, beginning in September 2016.
H	Home To School Transport	Reasonable	<p>The audit reviewed the systems in place for managing the service. This included ensuring that:</p> <ul style="list-style-type: none"> the existing policies and procedures allowed the County Council to obtain best value where the transport was provided by taxi firms and there was a contract variation the Authority was paying the correct amount. 	May 2016	<p>The County Council has a duty to provide free home to school transport to eligible school children, however, transport is currently arranged without application and may therefore include children who do not actually use the service. This differs from a number of other LA's within the region. The County Council also does not charge for replacement passes unlike some other LA's.</p> <p>Contracts are being awarded to taxi operators where the cost of providing the transport is sometimes significantly higher than that estimated by IPT. Procedures used within IPT for arranging contracts with taxi operators may not always provide</p>	<p>Four P2 actions and three P3 actions were agreed.</p> <p>Responsible Officers Head of Business Support Acting Head of Integrated Passenger Transport Assistant Director – Inclusion</p> <p>The potential savings from requiring applications will be considered as part of a review. Charging for replacement passes will be considered once the online payment system is in place.</p> <p>Decision-making processes within CYPS for specialist transport will be reviewed, as this is the key to incurring the costs. The review will also look at issues regarding when contracts change and why these are extended in</p>

	System/Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
					best value. Modifications to contracts use an out of date system to calculate additional mileage, and the existing methodology may not assist in obtaining the best price.	some cases. This will bring some additional challenge into the process. The methods used to tender for contracts will be reconsidered with the aim of improving response levels. Options for a new route planner will be considered.
I	Catering fresh produce contract	Reasonable	<p>The audit examined whether:</p> <ul style="list-style-type: none"> • invoices from contractors are checked for accuracy before payment; • retrospective rebate payments are calculated correctly and collected; • contract and performance monitoring is effective • there is a service continuity plan in place should one of the contractors fail to fulfil its obligations. 	May 2016	<p>The service is highly dependant on a small number of contractors and does not have any continuity plans in place to ensure services can be maintained. Contractors have not provided any documentation that would explain how they would notify establishments of an instruction from a statutory body or similar to withdraw a product or communicate any health alerts, although this is a requirement of the contract.</p> <p>There is no formal process to raise retrospective rebate payments and as a result payments have been received late or for incorrect amounts. The checking of prices is carried out by the service manager but there is no audit trail to identify what if anything has been checked. It is unclear if the current process would identify any overcharging by contractors</p>	<p>Four P2 actions and five P3 actions were agreed.</p> <p>Responsible Officers Head of Traded Services</p> <p>Service Continuity Plan will be drawn up and in place for the new academic year.</p> <p>Each contractor will be asked to produce documentation explaining such mechanisms for dealing with an instruction from a statutory body or similar to withdraw a product or communicate any health alerts as required by the contract.</p> <p>A formal process will be in place by the end of the current academic year to ensure that retrospective rebate payments are raised in a timely manner, that they are raised correctly and that they are all raised in the same way.</p>

System/Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
						Advice is being sought from the council's procurement service to ascertain how best to manage the contracts and ensure the County Council receives value for money. The results of this process will be implemented during the autumn term 2016.
J	Developing Stronger Families Review 2	High	The DCLG framework for the Troubled Families Programme requires internal audit to carry out a representative sample of at least 10% of results for each claim. The aim of these checks is to ensure families are eligible for inclusion in the programme and that appropriate progress has been achieved against the Outcome Plan. This audit covered the claim to January 2016.	May 2016	Suitable evidence was available to support the claim for each family within the sample	No actions identified.

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	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

23 JUNE 2016

INTERNAL CONTROL MATTERS FOR THE CHILDREN AND YOUNG PEOPLE'S
SERVICES DIRECTORATE

Report of the Corporate Director - CYPS

1.0 **PURPOSE OF THE REPORT**

- 1.1 To note the position on the Children and Young People's Directorate's **Statement of Assurance**
- 1.2 To receive details of the new **Risk Register** for the Children and Young People's 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 Children and Young Peoples Services (CYPS), the Committee receives assurance through the work of internal audit (detailed in a separate report to the Committee), details of the combined Statement of Assurance provided by the Chief Executive and appropriate Corporate Director, together with the Directorate Risk Register.

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 Chief Executive/Corporate Director identifies those items that may give rise to internal control or performance risk issues for the Directorate in the forthcoming year. These issues feed into the process that enables the Annual Governance Statement (AGS) to be prepared for the County Council as a whole.
- 3.2 The SoA for CYPS identified some areas for further action to ensure that there is a sound system of internal controls within the Directorate.
- 3.3 The Statement of Assurance for CYPS is included elsewhere on the agenda. However a number of key headlines are set out below, which demonstrate effective risk management of key issues.

MTFS: Upholding service performance with reducing resources

An initial savings programme targeting £15m of budget reductions has made good progress with around half of that total met in 2015-16. Arrangements are supported by sound programme and project management arrangements including formal project teams, regular senior management oversight and active monitoring of

implementation and impact. There are two current areas of significant budget pressures which present challenges – Special Educational Needs Transport and Disabled Children’s Service. Plans are in place to ensure these budgets are brought under control. A future potential budget issues may result from changes in school funding and we await Stage Two of the government’s consultation on a national funding formula after which we will assess the impact and prepare costed and timed action plans to mitigate any impact.

School Performance

As described in “Young and Yorkshire” our clear aspiration is to increase the number of North Yorkshire pupils attending good or outstanding schools or settings. Over 90% of primary school pupils and 85.5% of secondary pupils are now in good or outstanding schools. We have a coherent strategic approach to school funding, organisation and improvement driven by the North Yorkshire Education Partnership. We will build on this and will work with schools and other parties to prepare for the changes occurring as a result of the government’s stated ambitions of a fully academised system.

Safeguarding and Looked After Children

The number of looked after children continues to reduce safely, reaching its lowest level for six years. The Council is now well on course to achieve its ambitious target to safely reduce the number of looked after children to 400 by 2020, whilst we continue to ensure that children’s safety stays at the very centre of everything we do and our procedures for responding to all safeguarding issues are robust and swift. Such reductions are essential to meet the savings requirement of £3m by 2019, and £750k was achieved during 2015-16, as targeted.

The rate of looked after children in North Yorkshire also continues to fall in line with further reductions in the numbers of children who enter into the care system and the Council is also on course to achieve the target rate of 34 per 10,000 by 2020.

We are an innovative council, receiving funding for the No Wrong Door programme which is specifically targeted at adolescents and is designed to improve radically the life chances of some of the county’s most vulnerable and challenging young people, and reduce the numbers ending up either homeless, in care or in the youth justice system.

North Yorkshire has also been awarded status as one of the first six Partners in Practice with the Department for Education (DfE). Seen as one of the very best examples of children’s services in modelling excellence and innovation in delivery it will now support and work alongside other local authorities to share valuable good practice and innovation and help other local authorities to develop long-term and sustainable high performance for children’s social care.

Disabled Children’s Services

The Council approved a strategy for supporting disabled children, young people and families in May 2015 which will help deliver savings of almost £900k over the period 2015-19. A significant aspect of the strategy is the rebalancing of provision for overnight short breaks away from residential and towards locally-based foster carers. The intention is to close one of the local authority's Children's Resource Centres in three years' time, but this is dependent on the ability to recruit and retain sufficient foster carers. Again the implementation is supported by sound project management and will be subject to on-going review. As highlighted above and in the Statement of Assurance, there are considerable budget pressures in this area and action to mitigate these sits alongside the implementation of the new strategy and savings plan.

The Directorate has also now agreed a new way forward for providing and monitoring Direct Payments for disabled children. This will ensure that the issues raised by Veritau in this area will be addressed.

- 3.4 Plans are in place for all of the above but there are significant challenges to delivering both internally and externally. These plans also need to be seen in the context of whole Council change through the 2020 North Yorkshire Programme.

4.0 **DIRECTORATE RISK REGISTER**

- 4.1 The **Directorate Risk Register** (DRR) is the end product of a systematic process that initially identified risks at Service Unit level and then aggregates these via a sieving process to Directorate level. A similar process sieves Directorate level risks into the Corporate Risk Register.

- 4.2 The Risk Prioritisation System used to drive all Risk Registers across the County Council 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)**

- 4.3 Since the last progress report to this Committee, the CYPS DRR has had an annual update by the CYPS Leadership Team in October/November 2015 and a 6 month review in February 2016. There have been a number of changes to reflect the current position. The detailed DRR is shown at **Appendix 1** and shows a range of risks and the risk reduction actions which have been put in place to minimise them.

- 4.4 Only one **new risk**, Strategy for Supporting Disabled Children, Young People and their Families (as mentioned in paragraph 3.3 Disabled Children's Services above) has been added to the risk register since June 2015 (date of the last progress report to the Committee), and the following have been either **deleted or amended** to reflect ongoing changes:

- The previous risk relating to Looked after Children (LAC) Placements including Friends and Family arrangements and Reducing LAC was changed to Safely Reducing the LAC Population
- The previous risk relating to Budget 2020 North Yorkshire has been changed to 2020 North Yorkshire and incorporates Workforce Planning Development and Cultural Change
- The Behaviour Strategy risk was deleted
- The Joint Planning and Delivery with Health risk was amended to Partnership and Integration with Health and also includes Healthy Child Commissioning and Mental Health
- The High Need Funding risk has been expanded to include other issues and is now called SENDs Young People Funding

4.5 The **significant actions that have been achieved** include the following:

- Inspection Outcomes – a framework for prioritisation of school organisation issues has been developed alongside briefings sessions for elected Members and the NY Education Partnership. The local authority role and systems to support improvement of schools and settings has been reviewed and revised.
- Strategy for Supporting Disabled Children, Young People and their Families – much work has been done with the corporate Communications team on advertisement and marketing for fostering with a positive outcome. This links in with the good work being done on the Safely Reducing Children in Care Population risk.
- Schools Organisation: Place Planning and Funding – modelling of a range of scenarios to understand implications of funding and demographic changes continues. Work also continues to encourage, support and build capacity to enable schools to work collaboratively.
- Educational Outcomes – there is ongoing implementation and monitoring of the “Scarborough Education Summit” which collaboratively challenges under achievement together with implementation of the ‘Closing the Gap’ strategy and innovation programme
- Good and Safe Governance Arrangements – work continues on increasing the use of secure electronic communications where possible to keep sensitive information breaches to a minimum.
- Safeguarding Arrangements – safeguarding work continues including contribution to the delivery and implementation of the Child Sexual Exploitation Strategy with the Local Safeguarding Children’s Board.
- Partnership and Integration with Health – the Health and Wellbeing Strategy has been refreshed and children’s health is a priority. The arrangements for the joint commissioning of services for children with speech, language and communication needs have been developed and are in place.

4.6 It is noticeable and perceptibly correct, that there is a strong correlation between the risks that are considered in this risk register and the key issues mentioned in the Statement of Assurance for CYPS.

5.0 RECOMMENDATION

5.1 That the Committee:

- (i) note the position on the CYPS Directorate Statement of Assurance
- (ii) note the updated risk register for the CYPS Directorate; and
- (iii) provide feedback and comments on the CYPS Directorate Risk Register

Pete Dwyer

Corporate Director – CHILDREN AND YOUNG PEOPLE'S SERVICES

Risk Register: month 6 (March 2016) – detailed
 Report Date: 3rd March 2016 (pw)

Phase 1 - Identification											
Risk Number	24/15	Risk Title	24/15 - Inspection Outcomes				Risk Owner	CD CYPS	Manager	CYPS AD E&S CYPS AD C&F CYPS AD S&C	
Description	Failure to avoid adverse outcomes from statutory inspections of provision of local authority safeguarding including joint area integration inspections, schools and settings, children's centres, adult learning, SEND/school improvement services, adoption and fostering, children in care and children's homes resulting in reputational damage, or centrally imposed interventions, disruption of children's care and/or education, requirement for additional resources					Risk Group	Performance	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures	Systematic monitoring; regular termly monitoring in Schools and Settings; intervention in inverse proportion to success; use of a repertoire of interventions including local and national leaders in education as appropriate; Service Planning focussing on improvement; monitor/evaluate current support; timely use of statutory powers; early identification and rigorous response to schools causing concern; "Annual conversations" with Children's Centres; regular monitoring of data; programme of self-evaluation; Ofsted prep SMT sub group; proactive approach to improvement; CD CYPS oversees inspection readiness; partnership inspection reference group established; improved knowledge/awareness of inspection frameworks; post Ofsted inspection plans implemented as appropriate; self assessment for safeguarding and children in care and for school improvement; framework for prioritisation of school organisation issues, briefings provided for elected Members and NY Education Partnership; post Ofsted inspection plans implemented						Effectiveness				
Probability	M	Objectives	M	Financial	M	Services	H	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	22/1051 - Continual review of policies and procedures and update as required to ensure new guidance and procedures are embedded						CYPS AD C&F	Fri-30-Sep-16			
Reduction	22/1052 - Ensure consultation with and participation of service users to inform service delivery and design						CYPS AD C&F	Fri-30-Sep-16			
Reduction	24/1179 - Ensure pre inspection readiness for safeguarding, children in care and SEND by carrying out identified actions, monitoring outcomes and assessing their impact						CYPS AD C&F CYPS AD Incl	Fri-30-Sep-16			
Reduction	24/1184 - Develop a framework for prioritisation of school organisation issues and provide briefings for elected Members and NY Education Partnership to enable them to see the range of implications						CYPS AD S&C	Thu-31-Dec-15	Thu-31-Dec-15		
Reduction	24/1204 - Continue to encourage, support and build capacity to enable schools to work collaboratively in keeping with the outcome of the Schools Commission						CYPS AD S&C	Fri-30-Sep-16			
Reduction	27/78 - Review and revise the LA role and systems to support improvement of schools and settings (School Improvement Commission)						CYPS AD E&S	Fri-31-Jul-15	Mon-31-Aug-15		
Reduction	27/226 - Ensure continuation of effective delivery of service to schools and settings whilst the local and national picture of provision of school improvement services is changing						CYPS AD E&S	Sun-31-Jul-16			



CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Reduction	27/1401 - Ensure accurate school self-evaluation and effective school development plans, on-going.	CYPS AD E&S	Sun-31-Jul-16								
Reduction	27/1404 - Further develop competencies of Advisers, Consultants and team, through effective performance management and CPD, increasing number of Ofsted accredited advisors where necessary following restructure	CYPS AD E&S CYPS E&S PASP	Fri-30-Sep-16								
Reduction	27/1405 - Commission external support as required	CYPS AD E&S	Sun-31-Jul-16								
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	M	Services	H	Reputation	H	Category	2
Phase 5 - Fallback Plan											
											Action Manager
Fallback Plan											



CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Phase 1 - Identification											
Risk Number	24/259	Risk Title	24/259 - Strategy for Supporting Disabled Children, Young People and their Families				Risk Owner	CD CYPS	Manager	CYPS AD Incl	
Description	Failure to deliver the Strategy for supporting Disabled Children, Young People and their Families resulting in unmet needs, workload pressures, missed savings target and criticism.					Risk Group	Strategic	Risk Type	Incl 21/254		
Phase 2 - Current Assessment											
Current Control Measures			Options appraisal; engagement with stakeholders; EIA; public consultation; Exec approval; multi agency transition steering group; single Disabled Children register developed; advertising and marketing for fostering in progress;					Effectiveness			
Probability	M	Objectives	M	Financial	M	Services	H	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	21/124 - Ensure the Fostering Service review includes the strategic proposals						CYPS AD Incl	Thu-31-Dec-15	Thu-31-Dec-15		
Reduction	21/142 - Establish a working group for maintenance and ongoing use of the single Disabled Children register						CYPS Incl HoSEN				
Reduction	21/338 - Further develop options paper for Short Break proposals (disabled children grants May 2016 and DC overnight breaks Oct 2016)						CYPS Incl HoSEN	Mon-31-Oct-16			
Reduction	21/339 - Work with Corporate Comms team on advertisement and marketing for fostering						CYPS Incl HoSEN	Mon-30-Nov-15	Mon-30-Nov-15		
Reduction	21/372 - Structure the required phased implementation of the delivery model						CYPS AD Incl	Sun-31-Jul-16			
Reduction	21/374 - Implement the Preparing for Adulthood model relating to SEND transition						CYPS AD Incl	Sun-31-Jul-16			
Reduction	21/383 - Monitor the changes to overnight short breaks/fostering facility to ensure capacity and contribution to 2020 Inclusion programme						CYPS Incl HoSEN	Mon-31-Oct-16			
Reduction	21/384 - Carry out an independent review of DCS function						CYPS AD Incl	Fri-30-Sep-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	H	Reputation	H	Category	3
Phase 5 - Fallback Plan											
Fallback Plan									Action Manager		

CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Phase 1 - Identification											
Risk Number	24/228	Risk Title	24/228 - SENDs Young People Funding				Risk Owner	CD CYPS	Manager	CYPS AD Incl	
Description	Failure to control spending and create headroom for SENDs young people funding (including High Needs and other LA issues) given the pressures of budget reductions, increasing demand, increasing placement costs and continued academisation resulting in negative impact on DSG, poor joint area inspection outcome, loss of reputation, increased bureaucracy, lack of inclusive behaviour, internal and external criticism					Risk Group	Performance	Risk Type	Incl 21/23		
Phase 2 - Current Assessment											
Current Control Measures			Experienced team and leaders; awareness of Education Partnership; significant support from NYPACT and Flying High Group; robust data available; management of out-of-authority placements spend; implementing Personal Learning Pathways; Education Partnership approved funding framework; FE network; central contracting and commissioning service; local transition groups in place					Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	H	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	21/382 - Carry out base budget review of all SEND budgets (SEND transport and DCS carried out)						AD SR (CYPS) & Prop CYPS AD Incl	Fri-30-Sep-16			
Reduction	21/443 - Ensure the Education Partnership is aware of the risks and challenges it faces						CYPS AD Incl	Sun-31-Jul-16			
Reduction	21/444 - Work by Inclusive Education and Education and Skills to target the highest need and work with schools and settings to better manage need						CYPS Incl HoIE	Sun-31-Jul-16			
Reduction	21/448 - Continue to build local capacity to cope with need						CYPS AD Incl	Sun-31-Jul-16			
Reduction	21/451 - Review the weightings in the Resource Allocation System and work to introduce its use in post 19 placements						CYPS AD Incl	Sun-31-Jul-16			
Reduction	21/452 - Work to better understand the link between education and care funding						CYPS AD Incl	Sun-31-Jul-16			
Reduction	21/453 - Take a new look at the pattern of specialist provision on an area basis to identify gaps/overlaps						CYPS AD Incl	Sun-31-Jul-16			
Reduction	21/455 - Contribute to the work in early years and schools on Closing the Gap strategies						CYPS AD Incl	Sun-31-Jul-16			
Reduction	21/456 - Issue the SEND strategy and seek to promote the narrative to all stakeholders						CYPS AD Incl	Tue-31-May-16			
Reduction	21/457 - Implement the Preparing for Adulthood model and push for the use of personalisation and direct payments including transport						CYPS AD Incl	Sun-31-Jul-16			
Reduction	21/460 - Work to maintain contributions from HAS and Health						CYPS AD Incl	Sun-31-Jul-16			



CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Reduction	21/990 - Continue active engagement at a regional and national level into the SEN funding changes and their impact	CYPS AD Incl	Sun-31-Jul-16									
Reduction	21/994 - Fully clarify the revised budget roles and responsibilities with Finance to ensure that a robust budget monitoring process is put in place	CYPS AD Incl	Sun-31-Jan-16	Sun-31-Jan-16								
Reduction	21/1008 - Review of SEN provision in locality areas by ISOS	CYPS AD Incl	Sat-31-Dec-16									
Phase 4 - Post Risk Reduction Assessment												
Probability	L	Objectives	M	Financial	M	Services	H	Reputation	M	Category	3	
Phase 5 - Fallback Plan												
										Action Manager		
Fallback Plan	21/212 - Redirection of resources from areas that have achieved savings										CYPS AD Incl	



CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Phase 1 - Identification											
Risk Number	24/27	Risk Title	24/27 - Safely Reducing the Children in Care Population				Risk Owner	CD CYPS	Manager	CYPS AD C&F	
Description	Failure to establish robust Children in Care Placement Commissioning processes and appropriate Family and Friends arrangements, ensure sufficient foster carer pool and ensure that only those that really need to enter the Children in Care system and are accommodated for the minimum period of time needed to ensure protection and safety; failure to do so leads to inefficient use of resources, budgetary pressures across Children's Social Care and potential for costly legal challenges					Risk Group	Performance	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures			Entry to Care panel; CSC Placement Commissioning Panel; Placement Matching Panel; CSC placement commissioning team; monitoring of external placements; Young people's accom strategy; Financial scrutiny; enhanced CYPLT scrutiny; monitoring of permanency planning; maximise use of adoption and SGO; foster carer recruitment campaign; independent identification of foster carer training needs; [F&F: initial audit of cases; working group; officer panel; independent panel]; support from Outreach and FIT services considered unless there are child protection concerns; CYPS 2020 Programme; commissioning strategy; F&F policy embedded; effective budget monitoring; Permanence Strategy; Adoption and Fostering Strategy; exceptional placement panel chaired by Dir; pooled budget; national innovation programme No Wrong Door;				Effectiveness				
Probability	M	Objectives	M	Financial	H	Services	M	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	22/154 - Except where there are child protection concerns, no child should be brought into the Children in Care system without first having considered support from the Outreach and FIT services					CYPS C&F HoS&LAC	Sun-31-Jul-16				
Reduction	22/271 - Increase the number of foster carers recruited including the required number of Advanced foster carers					CYPS C&F HoRes	Sun-31-Jul-16				
Reduction	22/272 - Continue to ensure that WD arrangements preserve the quality of foster carer training					CYPS C&F HoRes	Sun-31-Jul-16				
Reduction	22/274 - Effectively monitor and challenge drift in children and young people's care plans					CYPS C&F HoS&LAC	Sun-31-Jul-16				
Reduction	22/462 - Meetings between Director, Directorate Commissioning Unit and NHS to discuss issues around CAMHS					CYPS C&F HoS&LAC	Sun-31-Jul-16				
Reduction	24/423 - Extend Partners in Practice model					CYPS AD C&F	Sat-31-Dec-16				
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	M	Reputation	H	Category	3



CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**
Report Date: 3rd March 2016 (pw)

Phase 5 - Fallback Plan		Action Manager
Fallback Plan	24/245 - Review to strengthen commissioning strategy, system controls	CYPS AD C&F



CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Phase 1 - Identification											
Risk Number	24/211	Risk Title	24/211 - Schools Organisation: Place Planning and Funding				Risk Owner	CD CYPS	Manager	AD SR (CYPS) & Prop CYPS AD E&S CYPS AD S&C	
Description	Failure to assess and manage the combined effects of changes in the national school policy and funding framework, demographics and national and local political circumstances, resulting in a fragmentation of the network of services for children, growing numbers of unsustainable and/or failing schools, fragmentation due to academisation, increased public dissatisfaction, and loss of confidence in the County Council as local authority.					Risk Group	Strategic	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures			Consistent monitoring of forecast numbers. Links with District Councils and developers over major housing developments (including ISDG work). Cross-directorate "Strategic Priority Schools" approach. Work with the Education Partnership, Keep up to date with current publications, email, etc. Reg review of DfE and other critical websites. Liaison with other LAs and RSC (Schools Commission). Early assessment of resource implications of new development. Advocacy of NYCC case for funding, new procedures for grant & award acceptance, involvement in appropriate national conferences, participation in DfE priorities when possible, collaboration guidance and toolkit, framework for prioritisation of school organisation issues, briefings provided for elected Members and NY Education Partnership.					Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	M	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	24/208 - Carry out modelling of a range of scenarios to understand implications of funding and demographic changes - ongoing work						AD SR (CYPS) & Prop CYPS AD S&C	Sun-31-Jul-16			
Reduction	24/209 - Continue to work with and use effective lobbying channels - ongoing work						AD SR (CYPS) & Prop	Sun-31-Jul-16			
Reduction	24/1184 - Develop a framework for prioritisation of school organisation issues and provide briefings for elected Members and NY Education Partnership to enable them to see the range of implications						CYPS AD S&C	Thu-31-Dec-15	Thu-31-Dec-15		
Reduction	24/1204 - Continue to encourage, support and build capacity to enable schools to work collaboratively in keeping with the outcome of the Schools Commission						CYPS AD S&C	Fri-30-Sep-16			
Reduction	27/1385 - Continue to support alternative models of school leadership including mergers, federations and informal partnerships which is an S&C lead						CYPS AD E&S	Sun-31-Jul-16			
Reduction	28/235 - Ensure appropriate resource is available to schools looking at alternative methods of delivery						CYPS AD S&C	Sun-31-Jul-16			
Reduction	28/454 - Ensure consistent approach corporately to CIL infrastructure funding						CYPS AD S&C	Sun-31-Jul-16			
Reduction	28/1428 - Continual review of the estate including maintenance requirement (ongoing)						AD SR (CYPS) & Prop	Sun-31-Jul-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	M	Reputation	M	Category	3



CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**
Report Date: 3rd March 2016 (pw)

Phase 5 - Fallback Plan		Action Manager
Fallback Plan	28/300 - Investigate failure and resolve member briefings, media mgt,	CYPS AD S&C



CYPs Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Phase 1 - Identification											
Risk Number	24/213	Risk Title	24/213 - 2020 North Yorkshire incl WF development, planning and cultural change within CYPs				Risk Owner	CD CYPs	Manager	AD SR (CYPs) & Prop	
Description	Failure to effectively deliver the CYPs 2020 Programme including the required workforce development and cultural change resulting in a reduction of quality in service delivery, inability to fully meet current and future financial requirements, internal and external criticism.					Risk Group	Financial	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures	CYPs Programme Board; Inclusion of WFD requirements as part of the engagement and implementation Plans of individual transformation projects; monitoring of the overall CYPs & Organisational OD requirements via Programme managers & NY2020 Operational Group; WF Plans and requirements for 2016/19 discussions taking place with Ads and CYPs WFD Groups; direct involvement of ADs with 2020 work strands; detailed financial planning; cost budget monitoring based on risk assessment of all service areas; training of budget managers and support staff; guidance materials; experienced staff work on most demanding budgets; collective responsibility for budget; maximum use of technology; trends used for budget monitoring; enhanced procurement profile; data system review; review presentation of info to ensure needs are met; annual budget risk assessment; induction training for Directorate staff with financial responsibility; ongoing review of risk based approach to financial planning including fundamental and base budget reviews; budget monitoring arrangements incl role of Directorate staff reviewed as part of "2020 Finance"; contracts and procurement team supporting CYPs consolidated providing a consistency of support across the Directorate and a strengthened gatekeeping for high cost placements; forward procurement plan regularly reviewed;						Effectiveness				
Probability	M	Objectives	M	Financial	H	Services	H	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	24/312 - Ensure regular monitoring and report to CYPLT of progress on all 2020 North Yorkshire programmes and outstanding MTFS projects					AD SR (CYPs) & Prop CYPs Prog Board	Fri-30-Sep-16				
Reduction	24/343 - Continue to finalise present year WF Plans and requirements					CYPs HoHR	Fri-30-Sep-16				
Reduction	24/357 - Discuss and agree method of establishing new ways of working including behaviours (ongoing)					CYPs CYPLT CYPs HoHR	Fri-30-Sep-16				
Reduction	24/414 - Deliver the OD 2020 cross cutting theme across the directorate (ongoing)					CYPs HoHR	Fri-30-Sep-16				
Reduction	24/415 - Ensure managers have the right skills for the new way of delivering services (ongoing)					CYPs CYPLT	Fri-30-Sep-16				
Reduction	24/1000 - Focus on individual high risk areas of concern for monitoring processes and systems including assessment of staff involvement					AD SR (CYPs) & Prop CSD SR HoFP	Fri-30-Sep-16				
Reduction	24/1146 - Ensure ownership of budgets by senior managers in CYPs					AD SR (CYPs) & Prop	Fri-30-Sep-16				
Reduction	24/1148 - Adopt Business Partner approach to ensure service decisions include a full assessment of financial implications					CYPs CYPLT	Fri-30-Sep-16				



CYPs Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Reduction	24/1180 - Consolidate the contracts and procurement team supporting CYPs to provide a consistency of support across the Directorate and a strengthened gatekeeping for high cost placements	AD SR (CYPs) & Prop	Sat-30-Apr-16	Thu-31-Dec-15							
Reduction	24/1189 - Engage fully with the 2020 Stronger Communities and Customer Themes to ensure greatest alignment with service and wider Council needs	CYPs AD S&C	Sat-30-Apr-16								
Reduction	25/1233 - Continue to enhance procurement profile within service and ensure forward procurement plan is regularly reviewed	AD SR (CYPs) & Prop	Thu-30-Apr-15	Thu-31-Dec-15							
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	H	Reputation	M	Category	3
Phase 5 - Fallback Plan											
										Action Manager	
Fallback Plan	24/246 - Re-prioritise CYPs Spending plans and current procedures										AD SR (CYPs) & Prop



CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Phase 1 - Identification											
Risk Number	24/249	Risk Title	24/249 - 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; alternative models of school leadership including mergers, federations and informal partnerships promoted; the North Yorkshire Education Partnership established;						Effectiveness			
Probability	M	Objectives	M	Financial	M	Services	L	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	24/353 - Ensure leadership and release of commissioning capacity in the context of the Commission for School Improvement and School Improvement restructure						CYPS AD E&S	Wed-31-Aug-16			
Reduction	24/428 - 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-30-Apr-16			
Reduction	24/430 - Implement plans to further improve Children in Care educational outcomes						CYPS Ho ELAC	Fri-30-Sep-16			
Reduction	24/1185 - Develop and implement the "Scarborough Education Summit" which collaboratively challenges underachievement						CD CYPS	Fri-30-Sep-16			
Reduction	27/400 - Develop a skills strategy and assessment of needs beginning with Scarborough then roll out to remaining districts in preparation for area review						CYPS AD E&S	Fri-30-Sep-16			
Reduction	27/401 - 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	Sun-31-Jul-16			
Reduction	27/402 - Establish stronger links with Further and Higher Education establishments						CYPS AD E&S	Sun-31-Jul-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	M	Services	L	Reputation	H	Category	3
Phase 5 - Fallback Plan											
								Action Manager			
Fallback Plan	24/560 - 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		

CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Phase 1 - Identification											
Risk Number	24/178	Risk Title	24/178 - Good and Safe Governance Arrangements				Risk Owner	Chief Exec	Manager	CD CYPS	
Description	Failure to ensure that good and safe governance arrangements in respect of data security and health and safety are in place throughout the Directorate resulting in people suffering from harm, data breach, possible prosecution, claims, media attention, prohibition notice, fines					Risk Group	Legislative	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures		Info Gov: Issues, concerns, major breaches discussed at CYPS Leadership Team; periodic information governance updates circulated by CYPS DIGC to all Service Groups; ad hoc security sweeps carried out by Business Support colleagues in corporate buildings; pro forma circulated to managers to enable them to complete their own security sweeps; Assistant Directors raising profile at SMT meetings; review of hard copy communications undertaken and move to secure electronic communications where possible; H&S: Policy docs; training; guidance docs; financial investment (eg. asbestos fund); conditions survey; educational visits database; quarterly reports and performance indicators to CYPLT; monthly meeting between AD and H&S advisor; responsibilities and reporting requirements around H&S and Risk Management for Directorate refreshed; Virtual Risk Management Group established with representatives from all service Groups; CYPS Risk Management forum established;						Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	M	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	24/1150 - Continue to investigate all information breaches thoroughly and take action against individuals as appropriate.					CYPS CYPLT	Fri-30-Sep-16				
Reduction	24/1155 - Continue to review and carry out necessary training relating to move to secure electronic communications where possible					CYPS HoBS	Fri-31-Jul-15	Fri-31-Jul-15			
Reduction	24/1156 - Revise the Emergency response guide for schools					CYPS AD S&C	Fri-30-Sep-16				
Reduction	28/1430 - Develop and implement CYPS school related response to Corporate requirements around Radon management, monitoring and mitigation, working at height and roof lights					AD SR (CYPS) & Prop	Sun-31-Jul-16				
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	24/527 - Info Gov - More rigorous intensive information governance training for staff & following ICO procedures. H&S - early legal input, media management & Member briefings							CD CYPS			

CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Phase 1 - Identification											
Risk Number	24/250	Risk Title	24/250 - Safeguarding Arrangements			Risk Owner	Chief Exec		Manager	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		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; OFSTED 'good' categorisation; delivery and implementation of the Child Sexual Exploitation (CSE) strategy with the LSCB;						Effectiveness			
Probability	L	Objectives	H	Financial	H	Services	M	Reputation	H	Category	3
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	22/475 - Agree partnership strategy for Child Sexual Exploitation (CSE) through the LSCB					CYPS C&F HoS&LAC	Sat-30-Apr-16				
Reduction	24/431 - Ensure compliance with Safeguarding Board and Children and Families' procedures					CYPS AD C&F	Sun-31-Jul-16				
Reduction	24/432 - Contribute to the delivery and implementation of the Child Sexual Exploitation (CSE) strategy with the LSCB					CYPS C&F HoS&LAC	Sat-31-Oct-15	Sat-31-Oct-15			
Reduction	24/433 - Continue to raise awareness of the escalation procedures relating to children missing and at risk of CSE					CYPS C&F HoS&LAC	Sun-31-Jul-16				
Reduction	24/434 - Ensure all cases of children at risk of CSE are flagged on LCS					CYPS C&F HoS&LAC	Sun-31-Jul-16				
Reduction	24/1162 - Review of EDT arrangements on a partnership basis (adults, children, Y&NY)					CYPS AD C&F	Thu-30-Jun-16				
Reduction	24/1163 - Review of planning structure for Local Safeguarding Board					CYPS C&F SUM	Sat-31-Dec-16				
Reduction	24/1197 - Ongoing Mgt file audit of case files against established assessment standards and staff supervision files					CYPS C&F SMT	Sun-31-Jul-16				
Reduction	24/1199 - Monitoring and management of performance against agreed targets in the SMT action plan					CYPS C&F SMT	Sun-31-Jul-16				
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	24/252 - Carry out necessary review of approach, target underperforming areas and take on lessons learned from any serious case reviews								CD CYPS		



CYPS Directorate

Risk Register: **month 6 (March 2016) – detailed**

Report Date: 3rd March 2016 (pw)

Phase 1 - Identification											
Risk Number	24/221	Risk Title	24/221 - Partnership and Integration with Health				Risk Owner	CD CYPS	Manager	All CYPLT members	
Description	Failure to develop and implement new models of care that will provide better outcomes for children and young people and local communities. This failure will have a negative impact on the development of integrated services, give rise to increased costs to CYPS and cause the loss of opportunities that joint provision may have.					Risk Group	Partnerships	Risk Type			
Phase 2 - Current Assessment											
Current Control Measures		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 refreshed with children's health as a priority and aligned with the CYPS Plan; JSNA; CYPLT fully briefed and up to date with the changing commissioning landscape and the different roles involved; appropriate engagement secured with CCGs and PCU for commissioning affecting children and young people and their families; services recommissioned for 5 - 19 Healthy Child Programme to ensure close alignment with Preventative Services; children's health performance reviewed at the Children's Trust Board to monitor the impact of changes on children's health outcomes in North Yorkshire; Work with Public Health to embed PH outcomes into the work of CYPS; Director of PH annual report focussing on children's health; scope of Health care review agreed; arrangements for services for children with speech, language and communication needs in place; specifications for 0-5 healthy child service in place;					Effectiveness				
Probability	L	Objectives	H	Financial	H	Services	H	Reputation	M	Category	3
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	24/424 - Ensure that when the Health and Well-being Strategy is refreshed, children's health is a priority						CD CYPS	Tue-30-Jun-15	Tue-30-Jun-15		
Reduction	24/1153 - Continue to 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						CD CYPS	Fri-30-Sep-16			
Reduction	24/1161 - Carry out a review of the Partnership Commissioning Unit						CD CYPS CYPS Incl HoIE	Fri-30-Sep-16			
Reduction	24/1166 - Review delivery arrangements for Health and Wellbeing Board to support implementation of reporting and performance arrangements (joint with HAS)						CD CYPS	Thu-30-Jun-16			
Reduction	24/1182 - Ensure effective monitoring of the 5-19 contracts and the in-house healthy lifestyle service						CYPS S&C CMH	Thu-31-Mar-16			
Reduction	24/1198 - Ensure the arrangements for the joint commissioning of services for children with speech, language and communication needs are developed and in place						CD CYPS CYPS Incl HoIE	Sun-31-Jan-16	Sun-31-Jan-16		
Reduction	24/1203 - Ensure that the CCGs 'future in mind' plans reflect the needs of Children and Young People in N Yorkshire and enable access to the full range of emotional and mental health support						CYPS AD S&C	Thu-31-Mar-16			
Reduction	28/449 - Develop specifications for a recommissioned 0-5 healthy child service aligned to the 5-19 structure						CYPS S&C CMH	Sat-30-Apr-16	Mon-29-Feb-16		



CYPs Directorate

Risk Register: **month 6 (March 2016) – detailed**
 Report Date: 3rd March 2016 (pw)

Reduction	28/450 - Carry out tender process for future contracts				CYPs S&C CMH	Tue-31-May-16					
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	H	Financial	H	Services	H	Reputation	M	Category	3
Phase 5 - Fallback Plan								Action Manager			
Fallback Plan											



AUDIT COMMITTEE

23 June 2016

RISK MANAGEMENT – PROGRESS REPORT

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF THE REPORT

- 1.1 To receive details of the updated Corporate Risk Register.
- 1.2 To note progress on other Risk Management related matters

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 Leader of the County Council and the Executive Member for Central Services formally approved a revised Corporate Risk Management Policy on 3 March 2015 with a provision that it will be reviewed and updated every three 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 CORPORATE RISK REGISTER

- 3.1 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 March/May.
- 3.2 A 6 monthly update of the Corporate Risk Register was carried out in April/May – see attached at **Appendix A**. This involved reviewing the risks, risk controls and risk reductions that had been identified for each of the risks and making amendments to the Register where necessary.
- 3.3 The significant amendments that were made to the register are as follows:
 - Funding Challenges – actions have been updated to represent the present position

- The Partnership and Integration with the NHS risk is a joint risk between Health and Adult Services and Children and Young People's Service. The emphasis of this risk has moved further towards Health and Adult Services and so the description has slightly changed to reflect this. Other minor changes relate to the actions.
- Information Governance – further work continues to minimise data breaches such as the review of information asset registers and the secure transfer of data
- Educational Outcomes – this risk has had an action added to reflect the changing landscape for schools and academies and the educational system
- Major Emergencies in the Community – an action has been added relating to developing and implementing an NYCC action plan based on the debrief report recommendations and all multi agency learning, following the flooding incident last Christmas
- Actions on risks have also been completed including:
 - 2020 North Yorkshire Change Programme – implementation of the revised financial systems, review and update of the Behaviour and Skills Framework, the LGA corporate peer review and the review of governance and areas of future focus for the 2020 Programme Board
 - Health and Safety – revision of managers' on line H&S training, 2nd stage review of the H&S function within NYCC and agreement of the new H&S structure with City of York Council for the shared service

3.4 To assist Members interpret **Appendix A**

- Risks are identified by Management Board during a prep 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 on the summary in **Appendix A**) 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.

4.0 ADDITIONAL RISK PRIORITISATION EXERCISES

4.1 As well as the bi-annual update of Corporate, Directorate and Service risk registers, additional workshops are also carried out to develop risk registers for specific areas of activity in the County Council. At this time these include:

- Bedale, Aiskew and Leeming Bar Bypass (BALB) – this register was developed in early 2012 and has supported the funding approval and permissions processes and construction. The major risks presently during construction are effective communications with local businesses and the public and on site Health & Safety. The project is due to complete on time in August 2016.
- Tour de Yorkshire - this register assisted in going through the planning of the event and looked at risks such as partnership working, expectation management and engagement, communications and project management and programming.
- Basic Need - the increase in Basic Need (additional school places) has arisen as a result of a change to the planning areas adopted by the local authority in response to changed criteria used by the Department for Education to determine need. This risk register continues to assess the risks associated with the Capital Programme and includes issues such as capital funding, site and town planning constraints, procurement strategies together with volatility of pupil numbers.

5.0 KPMG LOCAL AUTHORITY CORPORATE RISK REGISTER ANALYSIS

5.1 KPMG has carried out a corporate/strategic risk register analysis from a range of local authorities covering Councils, Fire and Rescue Services and Police bodies. The outcome highlights the most frequently featured risks across local authority risk registers and changes from 2014 when a similar exercise was carried out.

5.2 KPMG also considered the arrangements in place to maintain and review risk registers, and they considered the degree to which risk registers are used as an integrated management and assurance tool.

5.3 The top three residual risks occurring most frequently are:

- Delivering the medium term financial plan/saving targets/delivering funding cuts;
- Business continuity/disaster recovery incidents/emergency planning; and
- Data loss/information security/information governance risks.

Compared to the same analysis last year, the risks new for 2015 are Asset Management and Planning and Development issues.

The most common risk for County Councils, *Delivery of the Medium Term Financial Plan*, is the same as the all authority type analysis, however *Partnership arrangements/Governance and Safeguarding vulnerable Children or adults* are more commonly seen as significant risks in County Councils and also seen in more registers in 2015 compared to 2014.

- 5.4 Based on the November 2015 Corporate Risk Register, North Yorkshire County Council's risks suggest a strong correlation to the general picture above. Along with a lot of councils, North Yorkshire County Council scores its risks, allocates them to lead officers, and identifies mitigating controls. The Council also identifies the movement on risks from the previous review period and provides information on when its risk reduction actions are due to be completed. Similar to most Councils, North Yorkshire does not allocate the risks to lead members.

6.0 RECOMMENDATIONS

That the Committee:

- (i) notes the updated Corporate Risk Register (**Appendix A**).
- (ii) notes the position on other Risk Management related matters

GARY FIELDING
Corporate Director – Strategic Resources

County Hall, Northallerton

June 2016

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

Background papers: None

Corporate Risk Register

AC App A

Risk Register: month 6 (April 2016) – summary
Report Date: 27th May 2016 (fs)

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		
◀▶	20/1 - 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	7	31/07/2016	M	H	H	M	M	2	Y	All Mgt Board
◀▶	20/194 - Major Failure due to Quality and/or Economic Issues in the Care Market	Major failure of provider/key providers results in the Directorate being unable to meet service user needs. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety.	CD HAS	HAS AD Q&E	H	M	M	M	H	1	11	31/12/2015	H	M	M	M	M	2	Y	HAS AD Q&E
◀▶	20/187 - Information Governance	Ineffective information governance arrangements lead to unacceptable levels of 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	4	30/06/2016	M	L	M	L	M	4	Y	CD SR
▼	20/47 - Partnership and Integration with the NHS	Failure to achieve at least the minimum level of protection for Health and Social Care resulting in impeding the development and implementation of new models of care and full integration plans by 2017. Also this could delay the transformation of services, give rise to increased costs and impact on effective relationships with NHS Partners and the outcome for all people including children and communities.	Chief Exec	CD HAS	M	M	H	M	M	2	25	30/06/2015	M	M	H	M	M	2	Y	CD HAS



Corporate Risk Register

AC App A

Risk Register: month 6 (April 2016) – summary
Report Date: 27th May 2016 (fs)

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		
◀▶	20/207 - 2020 North Yorkshire Change Programme	Failure to successfully implement the Programme and Modern 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	16	31/10/2015	L	H	H	H	H	3	Y	All Mgt Board
▲	20/49 - Organisational Performance Management	Failure to align the performance management framework with the Council strategy and/or use the correct metrics to measure performance results in reduction in service performance, efficiency and effectiveness; reduction in value for money; loss of reputation and suboptimal financial savings	Chief Exec	CD SR	M	M	M	H	M	2	4	31/12/2015	L	H	M	M	M	3	Y	CD SR
◀▶	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	18	31/10/2015	L	H	H	M	H	3	Y	CD CYPS CD HAS
◀▶	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	8	31/07/2016	L	M	H	L	H	3	Y	CD CYPS
▼	20/334 - Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority	Failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across the whole of North Yorkshire.	Chief Exec	BES AD EPU	M	L	H	L	M	2	5	31/10/2016	L	L	M	L	L	5	N	
◀▶	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	9	31/03/2016	L	M	M	M	H	3	Y	CSD SR HoHSRM



Corporate Risk Register

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Risk Register: month 6 (April 2016) – summary
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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		
◀▶	20/8 - 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	30/06/2016	L	L	H	L	M	3	Y	Chief Exec

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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Risk Register: month 6 (April 2016) – 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; modelling on implications of external funding levels (eg Spending Review Settlement);						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 - Carry out base budget reviews of specific services					CD SR	Sun-31-Jul-16				
Reduction	20/43 - Carry out modelling on implications of external funding levels (eg Spending Review Settlement)					CD SR	Wed-31-Aug-16	Mon-29-Feb-16			
Reduction	20/46 - Ensure effective consultation/communication with staff, public and Members about ongoing savings requirements					All Mgt Board	Wed-31-Aug-16				
Reduction	20/251 - Identify other savings to feed into the supplementary budget report					All Mgt Board	Sun-31-Jul-16				
Reduction	20/261 - SmartSolutions- attempt to increase contributions/surplus through planned development with a targeted approach					CD SR	Tue-28-Feb-17				
Reduction	20/491 - Identify further savings to feed into the February 2017 budget report					All Mgt Board	Tue-28-Feb-17				
Reduction	20/972 - Carry out intensive discussions with CCGs through the Health and Well Being Board in order to secure Better Care Fund for supporting Adult Social Care					CD HAS	Sun-31-Jul-16				
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	20/194	Risk Title	20/194 - Major Failure due to Quality and/or Economic Issues in the Care Market					Risk Owner	CD HAS		Manager	HAS AD Q&E
Description	Major failure of provider/key providers results in the Directorate being unable to meet service user needs. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety.						Risk Group	Legislative		Risk Type	HAS Q&E 2/159	
Phase 2 - Current Assessment												
Current Control Measures			Regular review and monitoring contracts; standard contract terms; approvals process; regular meetings to share best practice; experienced staff; regular communication with providers; bulletins; customer feedback; Engagement Group; legal services; CQC; Financial Services & insurance consultation; market analysis; capacity planning; alerts system including brokerage; Service Unit & provider BCPs; QA Framework developed; guidance and ongoing training for purchasing staff; engage with AD ASS; reg meetings with Q&M, Health Commissioner and police; robust comms with CCGs; quality monitoring embedded in Dir perf monitoring; market position statement; reviewed the actual cost of care exercise to incorporate the impact of the national living wage;						Effectiveness			
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	H	Category	I	
Phase 3 - Risk Reduction Actions												
							Action Manager	Action by	Completed			
Reduction	20/467 - Carry out Phase II of the domiciliary care procurement and ensure the national living wage issues are addressed							HAS AD Q&E	Fri-30-Jun-17			
Reduction	20/468 - Continue to produce a market position statement							HAS AD Com	Wed-31-Aug-16			
Reduction	20/469 - Jointly with Health continue to monitor baseline assessments QA framework and risk profiles of providers; targets are reviewed at quarterly officer meetings							HAS AD Q&E	Wed-31-Aug-16			
Reduction	20/470 - Ongoing quarterly Partnership and Partner Liaison meetings (market development board), market analysis and mapping and information sharing							HAS AD Q&E	Thu-30-Jun-16			
Reduction	20/471 - Continue with regular engagement meetings with CQC locally and engage with CQCs national programme of identifying providers where there is significant risk of failure							HAS AD Q&E	Wed-31-Aug-16			
Reduction	20/472 - Undertake review of the actual cost of care exercise to incorporate the impact of the national living wage							HAS AD Q&E	Thu-31-Dec-15	Thu-5-Nov-15		
Reduction	20/473 - Continue to engage in ADASS work to manage major problems occurring, such as financial issues in the care provider market and ensure robust contingency planning and to learn lessons from serious case reviews at a national level							HAS AD Q&E	Wed-31-Aug-16			
Reduction	20/474 - Work with Veritau on audits of individual suppliers							HAS AD Q&E	Thu-30-Jun-16			
Reduction	20/484 - Consider and implement the recommendations from the actual cost of care exercise							HAS AD Q&E	Tue-31-May-16			
Reduction	20/485 - Complete heat map action plan							HAS HoHR	Thu-30-Jun-16			
Reduction	20/486 - Develop joint approach with NHS to make steps towards resolving care workforce issues							HAS LT	Thu-30-Jun-16			



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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	20/548 - Make client safe, crisis meeting, implement relevant steps, consultation with senior staff and relevant organisations (e.g. Police CQC). Effective communication to relevant parties, utilise contingency plan(s).									HAS AD Q&E	



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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 unacceptable levels of 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	CS 15/161		
Phase 2 - Current Assessment												
Current Control Measures			Information Governance Strategy including the associated Policy and Procedure Framework; CIGG Action Plan; data breach process; messages from senior management; on-line training; staff induction; Information Asset Owners identified; 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; terms of reference reviewed; Directorate virtual group; internal audit support investigation of significant data breaches; CIGG consider reasons for data breaches and cascade lessons learned; secure physical storage and internal info transfer issues resolved; Non NYCC Network Access Policy produced; e learning training packages refreshed; Data Sharing Protocol in place						Effectiveness			
Probability	H	Objectives	M	Financial	M	Services	M	Reputation	H	Category	1	
Phase 3 - Risk Reduction Actions												
Reduction	15/423 - Continue to emphasise personal responsibility of staff for all information in this area and consider disciplinary action in cases of data breaches					Action Manager	CD SRCSD ACE BS		Action by	Thu-30-Jun-16		
Reduction	15/424 - Carry out a review of the information asset registers in line with revised guidelines					Action Manager	Ho Int Audit		Action by	Wed-31-Aug-16		
Reduction	15/425 - Periodic internal review of achievement of the Information Governance Strategy Objectives - ongoing					Action Manager	Ho Int Audit		Action by	Sun-31-Jul-16		
Reduction	15/426 - Ensure all relevant Partners sign up to agreed Multi-Agency Data Sharing Protocol and individual agreements completed for each data sharing activity - (ongoing)					Action Manager	Ho Int Audit		Action by	Fri-31-Mar-17		
Phase 4 - Post Risk Reduction Assessment												
Probability	M	Objectives	L	Financial	M	Services	L	Reputation	M	Category	4	
Phase 5 - Fallback Plan												
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									Action Manager	CD SR	



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Phase 1 - Identification													
Risk Number	20/47	Risk Title	20/47 - Partnership and Integration with the NHS				Risk Owner	Chief Exec	Manager	CD HAS			
Description	Failure to achieve at least the minimum level of protection for Health and Social Care resulting in impeding the development and implementation of new models of care and full integration plans by 2017. Also this could delay the transformation of services, give rise to increased costs and impact on effective relationships with NHS Partners and the outcome for all people including children and communities.					Risk Group	Partnerships	Risk Type	CYPs 24/221 HAS 3/180				
Phase 2 - Current Assessment													
Current Control Measures			HAS: Effective HWB partnership with clear governance providing strategic leadership. HASLT locality delivery model in place and active membership of local transformation boards strengthening local partnerships and shaping integration. Joint programmes with CCGs inc Vanguard and Pioneer designing new service models; Better Care Fund Schemes implemented and other new models of care programmes inc Vanguard in development; CHC scope agreed; effective reporting arrangements to HWB for JHWS and BCF; new Health and Well-being Strategy developed; CYPs: Effective 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 refreshed with children's health as a priority and aligned with the CYPs Plan; JSNA; CYPLT fully briefed and up to date with the changing commissioning landscape and the different roles involved; appropriate engagement secured with CCGs and PCU for commissioning affecting children and young people and their families; services recommissioned for 5 - 19 Healthy Child Programme to ensure close alignment with Preventative Services; children's health performance reviewed at the Children's Trust Board to monitor the impact of changes on children's health outcomes in North Yorkshire; Work with Public Health to embed PH outcomes into the work of CYPs; Director of PH annual report focussing on children's health; scope of Health care review agreed; arrangements for services for children with speech, language and communication needs in place; specifications for 0-5 healthy child service in place;					Effectiveness					
Probability	M	Objectives	M	Financial	H	Services	M	Reputation	M	Category	2		
Phase 3 - Risk Reduction Actions													
						Action Manager	Action by	Completed					
Reduction	20/45 - Ensure 2016/17 Better Care Fund plan signed and agreed with CCGs and Government, subject to securing protection of Adult Social Care					HAS AD Integration	Thu-30-Jun-16						
Reduction	20/60 - Ensure BCF S75 agreement signed by CCGs for at least 2016/17 (ongoing)					AD SR (HAS) & Proc	Thu-30-Jun-16						
Reduction	20/245 - Complete the scope of the CHC review					HAS AD C&S	Mon-30-Nov-15	Mon-30-Nov-15					
Reduction	20/246 - Complete the initial CHC review					HAS AD C&S	Tue-31-May-16						
Reduction	20/362 - Ensure NHS partners are fully aware of the democratic and political environment they are operating within (ongoing)					CD HAS	Wed-31-Aug-16						
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 (ongoing)					CD HAS	Wed-31-Aug-16						
Reduction	20/386 - Establish effective reporting and evaluation arrangements to HWB for JHWS and BCF					HAS AD Integration	Sun-31-Jan-16	Sun-31-Jan-16					



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Reduction	20/399 - Develop and implement integration plans with CCGs and HASLT for 2017/18	HAS AD Integration	Fri-30-Jun-17								
Reduction	20/400 - Implement board development programme for HWB (ongoing)	HAS AD Integration	Wed-31-Aug-16								
Reduction	20/450 - Ensure effective monitoring arrangements for the 0-5 contract are in place	CYPS S&C CMH	Fri-31-Mar-17								
Reduction	20/451 - Agree and implement new models of care in preparation of 2017 Integration plans in all CCG localities incl. Vanguard (HaRD) Ambitions for Health	CD HAS	Thu-30-Jun-16								
Reduction	20/452 - Engage wider HASLT in development of locality operating models	HAS AD Integration	Fri-31-Mar-17								
Reduction	20/453 - Fully engage locality delivery teams in STPs (Sustainability and Transformation Plans) to ensure inclusion of NYCC 2020 plans	HAS AD Integration	Thu-30-Jun-16								
Reduction	20/457 - Put in place affordable DToC (Delayed Transfer of Care) plans that minimise financial penalties	HAS AD C&SHAS AD Integration	Thu-30-Jun-16								
Reduction	20/458 - Consider the viability of a local Risk Share Agreement with NHS Partners	AD SR (HAS) & ProCHAS AD Integration	Thu-30-Jun-16								
Reduction	20/459 - Review delivery arrangements for Health and Wellbeing Board to support implementation of reporting and performance arrangements	HAS AD Integration	Thu-30-Jun-16								
Reduction	20/465 - Develop specifications for a recommissioned 0-5 healthy child service aligned to the 5-19 structure	CYPS S&C CMH	Sat-30-Apr-16	Mon-29-Feb-16							
Reduction	20/477 - Ensure effective monitoring of the 5-19 contracts and the in-house healthy lifestyle service	CYPS S&C CMH	Sat-31-Dec-16								
Reduction	20/478 - Ensure the arrangements for the joint commissioning of services for children with speech, language and communication needs are developed and in place	CD CYPSCYPS Incl HoIE	Sun-31-Jan-16	Sun-31-Jan-16							
Reduction	20/479 - Refresh CCG led CAMHS Local Transformation Plans to align with existing NY children's emotional and mental health strategy	CYPS S&C CMH	Mon-31-Oct-16								
Reduction	20/480 - Ensure that when the Health and Well-being Strategy is refreshed, children's health is a priority	CD CYPS	Tue-30-Jun-15	Tue-30-Jun-15							
Reduction	20/481 - Continue to 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	CD CYPS	Fri-30-Sep-16								
Reduction	20/482 - Carry out a review of the Partnership Commissioning Unit	CD CYPSCYPS Incl HoIE	Fri-30-Sep-16								
Reduction	20/483 - Review delivery arrangements for Health and Wellbeing Board to support implementation of reporting and performance arrangements (joint with HAS)	CD CYPS	Thu-30-Jun-16								
Reduction	20/909 - Carry out tender process for future contracts	CYPS S&C CMH	Wed-31-Aug-16								
Phase 4 - Post Risk Reduction Assessment											
Probability	M	Objectives	M	Financial	H	Services	M	Reputation	M	Category	2
Phase 5 - Fallback Plan											



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		Action Manager
Fallback Plan	20/210 - Escalation to CMB and Executive Members, further engagement with senior tiers in NHS locally, regionally and nationally.	CD HAS



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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 successfully implement the Programme and Modern 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	CS 15/11		
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); Stronger Communities programme developed to mitigate against budget cuts and promote resilience; resource requirements agreed; financial systems (Oracle, BI and PBCS) revised; Reviewed Behaviour and Skills framework and other relevant key documents as part of OD workstream; LGA corporate peer review; review carried out of governance and areas of future focus for Programme Board;						Effectiveness				
Probability	M	Objectives	H	Financial	H	Services	H	Reputation	H	Category	2	
Phase 3 - Risk Reduction Actions												
Reduction	15/54 - Regularly review the ICT strategy in light of changes in the organisation both before and after 2020 (ongoing)					Action Manager	CSD SR AD T&C		Action by	Wed-31-Aug-16	Completed	
Reduction	15/55 - Implement the revised financial systems (Oracle, BI and PBCS)					Action Manager	CD SR		Action by	Thu-31-Dec-15	Completed	Mon-29-Feb-16
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	Wed-31-Aug-16	Completed	Sat-30-Apr-16
Reduction	15/208 - Set out initial delivery plan for rationalisation of property in line with new ways of working to Programme Board					Action Manager	CD SR		Action by	Sat-31-Oct-15	Completed	Sat-31-Oct-15
Reduction	15/393 - Conduct an LGA corporate peer review					Action Manager	AD SR (BES/CS) & PerfCSD SR AD T&C		Action by	Thu-31-Mar-16	Completed	Thu-31-Mar-16
Reduction	15/394 - Review and implement action plan following peer review					Action Manager	CSD SR AD T&C		Action by	Fri-31-Mar-17	Completed	
Reduction	15/406 - Continue to embed cultural change and new ways of working (transformational rather than as a savings programme)					Action Manager	CSD SR AD T&C		Action by	Tue-31-Mar-20	Completed	
Reduction	15/429 - Continually review capacity and capability within services and the impact upon the workforce of the future					Action Manager	CSD SR AD T&C		Action by	Wed-31-Aug-16	Completed	
Reduction	15/831 - Continue to monitor delay of Programmes and the effect on benefits					Action Manager	CSD SR AD T&C		Action by	Wed-31-Aug-16	Completed	
Reduction	15/837 - Continue to 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	Wed-31-Aug-16	Completed	



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Reduction	20/250 - Develop (by Feb 2015) and implement an outline delivery plan for rationalisation of property in line with new ways of working (ongoing)	CD SR	Wed-31-Aug-16									
Reduction	20/403 - Carry out monthly monitoring of communications and engagement plan including key messages and themes (ongoing)	CSD HoC	Wed-31-Aug-16									
Reduction	20/405 - Continue with the implementation plan for Customer Theme in line with new ways of working	CSD ACE Selby	Wed-31-Aug-16									
Reduction	20/461 - Ensure joined up approach is taken between 'Living Well', CYPs Prevention team and Stronger Communities team	Chief Exec	Wed-31-Aug-16									
Reduction	20/462 - Carry out review of governance and areas of future focus for Programme Board	CSD SR AD T&C	Thu-31-Dec-15	Thu-31-Mar-16								
Reduction	20/463 - Revisit the 2020 Vision and Strategy and produce a draft which replaces the previous version and the Council Plan	Chief Exec	Fri-30-Sep-16									
Phase 4 - Post Risk Reduction Assessment												
Probability	L	Objectives	H	Financial	H	Services	H	Reputation	H	Category	3	
Phase 5 - Fallback Plan												
Fallback Plan	20/529 - Reprioritisation of savings, further consideration of structures and ways of working										Action Manager	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	Failure to align the performance management framework with the Council strategy and/or use the correct metrics to measure performance results in reduction in service performance, efficiency and effectiveness; reduction in value for money; loss of reputation and suboptimal financial savings						Risk Group	Performance	Risk Type	CS 15/166	
Phase 2 - Current Assessment											
Current Control Measures			Corporate Performance Management Framework including service planning, quarterly reports to Exec, benchmarking exercises, Corporate Performance Management Group, review of Q performance reports, self-assessment (initial findings 24/11/15) conducted in advance of corporate peer review and collate an action plan, LGA corporate peer review,					Effectiveness			
Probability	M	Objectives	M	Financial	M	Services	H	Reputation	M	Category	2
Phase 3 - Risk Reduction Actions											
							Action Manager	Action by	Completed		
Reduction	15/393 - Conduct an LGA corporate peer review						AD SR (BES/CS) & Perf CSD SR AD T&C	Thu-31-Mar-16	Thu-31-Mar-16		
Reduction	15/430 - Carry out strategic support review which includes: - Review of governance arrangements for performance management - Develop a plan aligning strategy with performance to enable effective measurement						AD SR (BES/CS) & Perf	Sun-31-Jul-16			
Reduction	20/464 - Conduct self-assessment (initial findings 24/11/15) in advance of corporate peer review and collate an action plan						AD SR (BES/CS) & Perf	Thu-31-Dec-15	Sun-31-Jan-16		
Reduction	20/466 - Issue guidance for service plans for 2016/17						AD SR (BES/CS) & Perf	Tue-31-May-16			
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	H	Financial	M	Services	M	Reputation	M	Category	3
Phase 5 - Fallback Plan											
									Action Manager		
Fallback Plan	20/533 - Fundamental review of approach							CD SR			



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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	CYPS 24/250 HAS 3/27			
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; LCS; family intervention team; training strategy; clear supervision process which is audited on a regular basis; customer contact screening team; OFSTED 'good' categorisation; delivery and implementation of the Child Sexual Exploitation (CSE) strategy with the LSCB; HAS - Detailed action plan; Safeguarding review for the County; revised Safeguarding Boards and sub groups linked to new Care Act provisions; 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 in place; risk enablement panel developed; countywide safeguarding general manager in place; testing of initial performance metrics for Safeguarding Board has taken place; safeguarding procedures reviewed linked to consultation in light of the Care Act; safeguarding board performance framework; protocol for the relationship between Adults Social Care (and Children's Trust) and the Health and Wellbeing Board agreed and implemented; risk assessment tool launched;					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 and Families' procedures [CYPS]					CYPS AD C&F	Sun-31-Jul-16					
Reduction	20/375 - Contribute to the delivery and implementation of the Child Sexual Exploitation (CSE) strategy with the LSCB [CYPS]					CYPS C&F HoS&LAC	Sat-31-Oct-15	Sat-31-Oct-15				
Reduction	20/376 - Continue to raise awareness of the escalation procedures relating to children missing and at risk of CSE [CYPS]					CYPS C&F HoS&LAC	Sun-31-Jul-16					
Reduction	20/377 - Ensure all cases of children at risk of CSE are flagged on LCS [CYPS]					CYPS C&F HoS&LAC	Sun-31-Jul-16					
Reduction	20/378 - Ongoing Mgt file audit of case files against established assessment standards and staff supervision files [CYPS]					CYPS C&F SMT	Sun-31-Jul-16					
Reduction	20/379 - Monitoring and management of performance against agreed targets in the SMT action plan [CYPS]					CYPS C&F SMT	Sun-31-Jul-16					
Reduction	20/381 - Agree partnership strategy for Child Sexual Exploitation (CSE) through the LSCB (CYPS)					CYPS C&F HoS&LAC	Thu-30-Jun-16					
Reduction	20/382 - Review of EDT arrangements on a partnership basis (adults, children, Y&NY) (CYPS)					CYPS AD C&F	Thu-30-Jun-16					
Reduction	20/384 - Review of planning structure for Local Safeguarding Board (CYPS)					CYPS C&F SUM	Sat-31-Dec-16					
Reduction	20/385 - Develop an information framework for serious incident data, eg drug death etc [HAS]					HAS AD C&S	Thu-30-Jun-16					



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Reduction	20/454 - Agree and implement a protocol for the relationship between Adults Social Care (and Children's Trust) and the Health and Wellbeing Board [HAS]	HAS AD Integration	Wed-31-Aug-16	Mon-30-Nov-15							
Reduction	20/455 - Implementation of new policies and procedures reflecting new Care Act duties; training to complete [HAS]	HAS AD Q&E	Sat-31-Dec-16								
Reduction	20/456 - Continued vigilance to ensure our supervisory body role adheres to good practice and national guidance, evidenced by regular reports to HASLT and members [HAS]	HAS AD Q&E	Thu-30-Jun-16								
Reduction	20/487 - Continue to work with Quality and Engagement team to improve quality assurance; including work with CQC, policies, Health and Healthwatch [HAS]	HAS AD C&S	Wed-31-Aug-16								
Reduction	20/488 - Continue to work with Quality and Engagement team to improve quality assurance; risk assessment tool to be launched [HAS]	HAS AD C&SHAS AD Q&E	Wed-31-Aug-16								
Reduction	20/489 - Ongoing joint work with CYPS to carry out review of approach to domestic abuse and Prevent [HAS]	AD SR (HAS) & ProCHAS AD Q&E	Thu-30-Jun-16								
Reduction	20/490 - Complete training on, and implementation of, new safeguarding procedures (links with action 2/85) above) (HAS)	HAS AD C&S	Thu-30-Jun-16								
Reduction	20/1176 - Ongoing work to implement the concordat following Winterbourne View [HAS]	HAS AD C&S	Tue-31-May-16								
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	H	Financial	H	Services	M	Reputation	H	Category	3
Phase 5 - Fallback Plan											
Fallback Plan	20/545 - Carry out necessary review of approach, target underperforming areas and take on lessons learned from any serious case reviews									Action Manager	
										CD CYPS CD HAS	



Corporate Risk Register

AC App A

Risk Register: month 6 (April 2016) – detailed
Report Date: 27th May 2016 (fs)

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	CYPS 24/249	
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; alternative models of school leadership including mergers, federations and informal partnerships promoted; the North Yorkshire Education Partnership established;					Effectiveness			
Probability	M	Objectives	M	Financial	H	Services	L	Reputation	H	Category	2
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	20/402 - Develop and implement the "Scarborough Education Summit" which collaboratively challenges underachievement					CD CYPS	Fri-30-Sep-16				
Reduction	20/492 - Work closely with the education community to ensure changes proposed in the White Paper neither distract from current improvement activity or result in a deterioration in educational outcomes (ongoing)					CD CYPS	Thu-31-Aug-17				
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	Wed-31-Aug-16				
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	Tue-28-Feb-17				
Reduction	20/1188 - Implement plans to further improve Children in Care educational outcomes					CYPS Ho ELAC	Fri-30-Sep-16				
Reduction	20/1189 - Develop a skills strategy and assessment of needs beginning with Scarborough then roll out to remaining districts in preparation for area review					CYPS AD E&S	Fri-30-Sep-16				
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	Sun-31-Jul-16				
Reduction	20/1197 - Establish stronger links with Further and Higher Education establishments					CYPS AD E&S	Sun-31-Jul-16				
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	M	Financial	H	Services	L	Reputation	H	Category	3
Phase 5 - Fallback Plan											
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								Action Manager		CD CYPS

Phase 1 - Identification



Corporate Risk Register

AC App A

Risk Register: month 6 (April 2016) – detailed
Report Date: 27th May 2016 (fs)

Risk Number	20/334	Risk Title	20/334 - Opportunities for Devolution in North Yorkshire and Consideration of a Combined Authority				Risk Owner	Chief Exec		Manager	BES AD EPU	
Description	Failure to take advantage of Devolution opportunities in North Yorkshire resulting in reduced investment and impact on the growth and jobs across the whole of North Yorkshire.					Risk Group	Strategic		Risk Type			
Phase 2 - Current Assessment												
Current Control Measures		Devolution proposals submitted to Govt., LEP strategic economic plan in place; NYCC retains the Infrastructure Delivery Steering Group; NYCC wide co-ordination of development needs linked to District plans; local authorities are moving towards a joint committee & considering a combined authority; LA Director group in place; plan detailing powers and funding developed;							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 (ongoing)						Chief Exec	Mon-31-Oct-16				
Reduction	20/398 - Directors of Development Group to support the Devolution deal						CD BES	Mon-31-Oct-16				
Reduction	20/916 - Establish the geography on which to secure Devolution						Chief Exec	Mon-31-Oct-16				
Reduction	20/917 - Develop detailed business cases for all requirements						Chief Exec	Mon-31-Oct-16				
Reduction	20/1397 - Negotiate the economic barriers and opportunities which Devolution can take advantage of with Government						CD BES	Mon-31-Oct-16				
Phase 4 - Post Risk Reduction Assessment												
Probability	L	Objectives	L	Financial		M	Services	L	Reputation	L	Category	5
Phase 5 - Fallback Plan												
Fallback Plan										Action Manager		



Corporate Risk Register

AC App A

Risk Register: month 6 (April 2016) – detailed
Report Date: 27th May 2016 (fs)

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	CS 15/183	
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; managers' online H&S training and other modules revised; health and safety function within NYCC (2nd stage) reviewed; Work with City of York Council to agree the new structure for the shared service;							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 (ongoing)					AD SR (CYPS) & Prop		Sun-31-Jul-16			
Reduction	15/249 - Implement the revised directorate H&S action plans in line with the top 10 risks agreed at CRMG and report performance					AD SR (CYPS) & Prop		Sun-31-Jul-16			
Reduction	15/254 - Revise the managers' online H&S training and other modules.					CSD SR HoHSRM		Thu-31-Mar-16	Thu-31-Mar-16		
Reduction	15/255 - Ensure appropriate operating standards of H&S risk assessments exist and are being implemented locally					AD SR (CYPS) & Prop		Sun-31-Jul-16			
Reduction	15/256 - Carry out review of health and safety function within NYCC - 2nd stage					AD SR (CYPS) & Prop		Thu-31-Mar-16	Mon-9-May-16		
Reduction	15/257 - Review and revise the corporate H&S procedures					CSD SR HoHSRM		Sun-31-Jul-16			
Reduction	15/407 - Work with City of York Council to agree the new structure for the shared service					AD SR (CYPS) & Prop		Thu-31-Mar-16	Mon-9-May-16		
Reduction	15/408 - Implement arrangements for H&S function following the agreement of the structure for shared services with City of York Council					AD SR (CYPS) & Prop		Thu-30-Jun-16			
Reduction	15/417 - Carry out review of the health and safety function – 3rd stage					AD SR (CYPS) & Prop		Fri-31-Mar-17			
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		

Phase 1 - Identification									
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Corporate Risk Register

Risk Register: month 6 (April 2016) – detailed
 Report Date: 27th May 2016 (fs)

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 and RMCI; 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 and robustness of resilience plans relating to the public health and social care of the NY population tested;							Effectiveness		
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	H	Category	3
Phase 3 - Risk Reduction Actions											
						Action Manager	Action by	Completed			
Reduction	20/460 - Develop and implement an NYCC action plan based on the debrief report recommendations and all multi agency learning (including the flood reporting tool and simplification of information flow) following the Christmas 2015 flooding incident					CSD EPM	Sat-31-Dec-16				
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	Mon-31-Oct-16				
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	Mon-31-Oct-16				
Phase 4 - Post Risk Reduction Assessment											
Probability	L	Objectives	L	Financial	H	Services	L	Reputation	M	Category	3
Phase 5 - Fallback Plan											
								Action Manager			
Fallback Plan	20/207 - Review and prioritise resources dependent on nature and impact of event (inc effective media management)							Chief Exec			



NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

JUNE 2016

BUSINESS CONTINUITY – UPDATE REPORT

1 Purpose of Report

- 1.1** To provide an overview of the current Business Continuity (BC) arrangements for North Yorkshire County Council and to provide continued high assurance for the management of risk within directorates and service areas.

2 Background

- 2.1** A comprehensive review of NYCC Business Continuity (BC) took place during 2014. Following the review, an updated methodology was introduced in order to prioritise the business continuity needs of each individual service area. This review considered the recommendations of the internal audit of October 2013 and ensured a consistent and corporate approach to BC planning across the organisation during any disruption of critical services.
- 2.2** The NYCC Emergency Planning Unit (EPU) responded to the internal audit recommendations and service area manager feedback to focus on reducing bureaucracy by working together with service managers to migrate existing Business Continuity plans into a consistent corporate document format consisting of:
- 1)** Business Impact Analysis (BIA) - The Business Impact Analysis looks at **critical** business functions and quantifies the impact a loss of those functions may have.
 - 2)** An Incident Management Plan (IMP) - The Incident Management Plan helps a service area to plan a process to respond to and work around a range of possible impacts on their critical services.
- 2.3** These documents are now held centrally on the NYCC BC share-point site for ease of access allowing both practitioners and senior management to make informed business continuity decisions during any disruption of identified critical services.

3 Corporate Business Continuity Policy and Strategy

- 3.1** In preparation for any disruption to NYCC services, business continuity is now corporately addressed through assessment of loss of staff, equipment and technology, buildings and key suppliers. These considerations are addressed through pre-planning and mitigation measures identified in service area BC plans.
- 3.2** Each directorate has continued to work with the EPU to utilise planning training and exercising aiming to ensure staff know what to do and when to do it during any disruptive incident.
- 3.3** To address audit concerns, specific officers have been designated to review service area BC arrangements and a reporting regime put in place. Every directorate now has a designated BC champion to oversee their business continuity, to represent the directorate at the Corporate Risk Management Group (CRMG) and to support managers in production of BC plans for directorate **critical services**.
- 3.4** The Corporate Director Strategic Resources continues to have overall responsibility for BC within NYCC, with the BC function co-ordinated and supported by the EPU. The Leader of the Council, Cllr. Carl Les, continues to hold the Executive portfolio for Emergency Planning and Business Continuity.
- 3.5** Directorates are required to provide a BC RAG (Red,Amber,Green) status update to the CRMG every quarter. This process allows directorate BC champions to inform their directors on the current status of their directorate BC plans who can, in-turn, confirm their satisfaction in their annual statements of assurance.

4 Corporate Business Continuity Plan

- 4.1** A Corporate NYCC Business Continuity Plan has recently been agreed by Management Board and introduced to ensure a consistent and co-ordinated response across the organisation during any major or significant disruption. This plan provides guidance and a structured framework for communication and management of information across all directorates during any disruption and allows informed strategic management decisions to be made across the organisation considering available resources and identification of priorities in the restoration of critical services.
- 4.2** The Corporate BC Plan takes into account recent incidents impacting on NYCC including utility failures, the Selby re-cycling fires in 2014 and 2015 the recent Winter storms and flooding in 2015/16 and organisational learning from the Tour de France and Tour de Yorkshire races and recent Fracking protests.

- 4.3** Some service areas such as Technology and Change and the Customer Service Centre have very specific recovery requirements during any critical service disruption. As such they have additional plans to ensure they can support response to wider disruption across NYCC. These service areas however, still provide corporate Incident Management Plans to allow informed strategic and corporate BC decision making during service disruption.
- 4.4** Designated officers within the EPU continue to provide on-going support for directorate BC champions and their staff within each directorate. The EPU officers work with the directorates to ensure that service areas have the knowledge and support to meet their BC responsibilities and that an annual work-plan including exercises is completed within an agreed time-scale.
- 4.5** It is acknowledged that BC planning is an on-going process and that the EPU and directorates will continue to work together within the identified structures to ensure robust, well-planned and exercised BC arrangements are in place to provide the required assurance across the organisation.
- 4.6** In May 2016 NYCC were faced with unprecedented protests against fracking proposals in North Yorkshire. The planning for the protests identified the need for activation of directorate and corporate BC plans across the organisation. NYCC had the challenge of maintaining “business as usual” and full provision of services across the organisation without the use of the majority of the County Hall site. Throughout the period of protest NYCC demonstrated their ability to work around identified problems using well and pre-defined flexible BC plans, to produce a robust and effective response to disruption, with large numbers of staff working remotely to great effect.
- 4.7** This positive development and the progress made was acknowledged in the Veritau audit report of May 2015 which states that the current arrangements for business continuity planning within NYCC provide substantial assurance. A further audit report is expected in June/July 2016.

5 Recommendations

- 5.1** Audit Committee to note the review of Business Continuity, planning and resilience arrangements within North Yorkshire County Council and the management Board validation of the NYCC Corporate Business Continuity Plan.

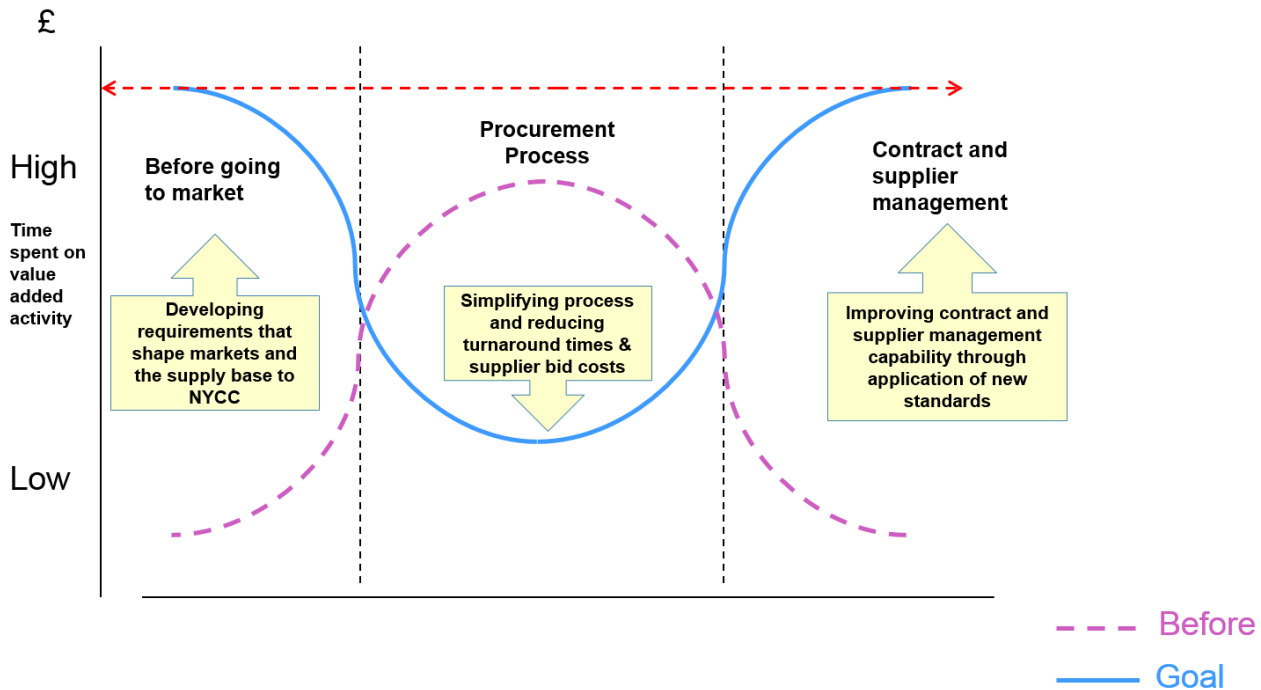
Author: Tom Knox, Emergency Planning Manager

NORTH YORKSHIRE COUNTY COUNCIL**AUDIT COMMITTEE****23 JUNE 2016****CORPORATE PROCUREMENT STRATEGY****Report from Corporate Director, Strategic Resources****PURPOSE OF THE REPORT**

- 1.1 To provide Members with an update on progress of delivery of the Corporate Procurement Strategy, including the Strategy Action Plan.
- 1.2 To inform Members of recent activity and next steps.

2.0 BACKGROUND

- 2.1 The Council spends approximately £300m externally each year across both revenue and capital and it is the Council's responsibility to use this money in the best way possible to achieve its objectives, especially during these years of austerity.
- 2.2 The Council has a good grasp on where money will be spent in the upcoming months/years through the Forward Procurement Plans (FPPs). FPPs allow Directorates (and their corresponding Directorate Procurement Champions) to have an oversight of approaching procurements. As a result, resources and specialist support can be deployed where required to deliver good procurement.
- 2.3 Alongside this, the procurement manual, the gateway process and the procurement documentation that supports these processes have been further developed. This ensures that due process is undertaken and provides the opportunity to highlight any procurements which are considered to be "at risk" or falling below standards.
- 2.4 A good deal of the above is focused around the operational aspects of the procurement process itself i.e. supplier sourcing, supplier evaluation and awarding the contract. This is still essential in that it ensures the Council complies with its own Contract Procedure Rules and the wider EU procurement directives.
- 2.5 A large amount of effort is also needed before going to market in the pre-procurement 'Discovery' stage, as well as the post procurement contract and supplier management stage. The illustration below highlights how procurement needs to move to a position where it concentrates much more of its attention on market and supplier management, both before the start of a procurement process and then ensuring the contract itself is properly managed.



2.6 Before a procurement starts, time taken to plan, research and analyse will add significant value to identifying solutions that will better meet the Council’s needs. In addition, focusing on relationship development means that less time is spent resolving issues and more time applied to assessing quality in delivery and identifying opportunities for cost savings / benefit gains.

2.7 In December 2014, Management Board signed off the new Corporate Procurement Strategy, which set targets and objectives up to 2020. Over the past 18 months much work has been completed on delivering against the Corporate Procurement Strategy. It seeks to build upon expertise and good practice that are available within the Council, regionally and nationally from across sectors. In essence the revised strategy is more ambitious and outward looking and unapologetically strays into commissioning discussions as opposed to more traditional “procurement”. The intention is to deliver greater value by increased involvement in the pre-procurement ‘Discovery’ stage, as well as the post procurement contract and supplier management stage.

3.0 CORPORATE PROCUREMENT STRATEGY

3.1 The Corporate Procurement Strategy takes into account the need to consider procurement much more widely than the sourcing, evaluation and award processes and is summed up succinctly in the vision statement which is:

“To become outcome focused ensuring that all Commissioning, Procurement and Contract Management actively delivers Value for Money and efficiencies for the Council”

The delivery and success of the strategy is built around three areas showing a progressively wider level of engagement, which are:

- 1) Developing, training and equipping the wider procurement function
- 2) Working within and supporting the wider Council

3) Engaging with the wider community

Further detail around the different elements of the strategy can be seen in **Appendix 1**.

3.2 There are a number of positive outcomes associated with these areas which will be delivered over the life of the strategy:

- The Councils staff will be better trained and will work more commercially.
- Advice and support will be quicker and add more value to the Councils procurement activities.
- The Council will select, implement and benefit from the latest technology and tools.
- Early engagement and planning will ensure that outcomes are exactly as intended and supplier performance is continuously improving.
- The best suppliers / providers are delivered for each contract.

3.3 These areas of the strategy are not designed to work in isolation but are tied together through a number of themes. Key themes include:

3.4 Category Management

A strategic approach will be adopted which organises procurement resources to focus on specific areas of spend. Essentially it is the use of a Category expert, with deep commercial and market knowledge, to drive efficiency from procurement in a given spend category. The Category Management approach aims to ensure that we take a cross-council view of our major spend areas in order to maximise value for money and realise benefits in practical terms. The approach is very much related to the focus and structure of the Procurement Services team, therefore targets around the implementation of this approach have been pushed back and linked to the ending of the NYPS contract in November 2016.

3.5 Contract Management

The benefits to effective contract management are immense for both the Council and contractor. Greater emphasis is being placed on ensuring that contracts operate as they were envisaged and procured. A balanced approach is being taken whereby more resource is being made available to manage contracts at both an operational level (managing the contract on a day-to-day basis) and at a strategic level (improving the contract – supplier relationship management). Costs will be managed and efficiencies and savings are being gained due to improved work in contract management.

The Contract Management strand of the Procurement Strategy Action Plan is now being led by a specific post relating to Contract Management. This was filled on an invest to save basis. The cost of engagement was recovered within the first 3 months of a 12 month trial period. The role has been extended, and to date has saved a total of £232,772.

3.6 Partnering

Together with cross directorate collaborative procurement opportunities being sought within the Council, time and effort will also be spent in building partnerships outside the Council both regionally and nationally. Collaborative opportunities are being sought with Districts, Local Authorities, Health and other parts of the public sector. The Council is looking to work with and learn from the private sector, which will allow the Council to consider and implement good practice to be adopted for greater efficiencies.

3.7 Market Engagement

Time spent before submissions are invited from bidders, what we term as the 'Discovery' stage, will give a valuable opportunity to identify and outline requirements more clearly, involve users, staff, potential suppliers (large and small and across sectors) early, refine the specification, business case and budget and to select the most appropriate procurement route for the council. This is where the greater value to a procurement project can be gained, so a greater focus on skills in this area is developing.

3.8 Other themes that will be developed are the use of technology and tools; risk management; commercialism and income generation; processes and compliance; communication and charting successes through procurement performance.

3.9 The Strategy complements and supports the work of the 2020 North Yorkshire Programme and links to a number of the cross cutting themes, such as commercial focus; partnership working and alternative delivery models.

4.0 **PROCUREMENT STRATEGY PROGRESSION**

Strategy Action Plan

4.1 The procurement strategy has now been implemented through the activities detailed in the Strategy Action Plan, which can be seen in **Appendix 2**.

4.2 The Action Plan has been developed around the themes referred to in Section 3. Each theme has been broken down further in to a number of actions. These actions link directly back to the strategy, particularly around the following parts:

- What we will achieve
- What we need to do to achieve the vision.

4.3 The actions are based around the principles of 'SMART' and have a time frame for completion. The Corporate Procurement Board is accountable for the delivery of the Action Plan and monitors progress on a quarterly basis.

4.4 It was recognised that many of the initial delivery dates set out in The Strategy Action Plan were overly optimistic or in some cases simply unachievable. Following changes in management within procurement, a review was undertaken of the plan and its strand leads. These were revised to reflect a better balance of skills and resources appropriate to the delivery of the strands. In places new leads were identified.

- 4.5 All leads carried out a review of their strand, with new or revised actions and or delivery dates suggested where necessary. They were agreed at Corporate Procurement Board in October 2015. As of June 2016, all strands of the Action Plan are on target. It is envisaged that in 2017 the vast majority of all actions will have been delivered, therefore a substantial update to the strategy will be undertaken.

Operational & Strategic Management

- 4.6 The operational and strategic meetings that allow procurement to operate at the Council have recently been amended to a more appropriate governance structure. On a quarterly basis, the following meetings occur:

- Strategy Action Plan Review Group
- Corporate Procurement Group
- Corporate Procurement Board

- 4.7 The aim of this new arrangement is to put a greater focus on performance and delivery of the procurement strategy. The Strategy Action Plan Review Group exists to lead on delivery of the action plan, and to hold the leads of the strands to account.

Strategy Action Plan Review Group membership consists of:-

Kevin Draisey	Chairperson & Category Management Lead
Tom Bryant	Commercial / Procurement Training Lead
Chris Dale	Partnering Lead
Stacey Speakman	Technology/tools Lead
Chris Dale	Contract Management Lead
Cathryn Moore	Risk Management Lead
Rachel Woodward	Commercialism Income generation & Process/Documentation/Compliance Lead
Helen Thirkell	Market Engagement Lead
Vicki Rutledge	Communications Lead
Sandy Campbell	Procurement Performance Lead

- 4.8 Corporate Procurement Group, is responsible for bringing together a more coherent procurement function. Cross Council working is strengthened and procurement standards are actively championed by members of the group.

Corporate Procurement Group membership consists of:-

Kevin Draisey	Head of Procurement & Contract Management / Chairperson
Paul Cresswell	AD Strategic Resources – Procurement Lead
Tom Bryant	BES Directorate Procurement Champion
Rachel Woodward	CS / CYPS Directorate Procurement Champion
Helen Thirkell	HAS Directorate Procurement Champion
Cathryn Moore	Legal Lead
Stuart Cutts	Veritau

- 4.9 Corporate Procurement Board has overall responsibility for the delivery of the corporate procurement strategy and associated action plan. Both the Strategy Action Plan Review

Group and the Corporate Procurement Group feed in / out of the Corporate Procurement Board.

Corporate Procurement Board membership consists of:-

Gary Fielding	Corporate Director - Strategic Resources,
Paul Cresswell	AD Strategic Resources – Procurement Lead
Kevin Draisey	Head of Procurement & Contract Management
Anton Hodge	AD Strategic Resources
Michael Leah	AD Strategic Resources
Cathryn Moore	Legal Lead

- 4.10 As previously agreed with Management Board, periodic meetings are to be held with key commissioners across the Council so that we can ensure there is good alignment. This has not happened thus far but as the focus shifts towards the “discovery” stage this is coming to the fore and arrangements will be made shortly for this to happen.

Strategy Targets

- 4.11 Throughout the Strategy’s life its progression will be monitored and recorded by way of a number of wide ranging targets. These include procurement savings which were set at £12m by the end of 2017. This has been determined by reference to information obtained from FPPs.
- 4.12 As of June 2016 current in year savings totaled £4.8m.
- 4.13 The savings target is an annual target, over three years up to 2017. The cumulative effect is a target of £24m. As of June 2016 current savings achieved total £23.4m, with another £2.5m forecast up to 2020.

	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's
Savings on contracts secured to date	£6,282	£6,329	£4,804	£3,141	£2,158	£697	£23,411
Forecast savings on contracts to be let (in pipeline FPP)	-	£0	£167	£727	£620	£1,056	£2,570
Total Anticipated Savings	£6,282	£6,329	£4,971	£3,868	£2,778	£1,753	£25,981
Cumulative Procurement Savings (for Graph)	£6,282	£12,611	£17,582	£21,450	£24,228	£25,981	

- 4.14 It should be noted that the savings are recorded as procurement savings but remain cash reductions within Directorate budgets to avoid double counting – procurement is therefore being used as an enabler of savings for all areas across the Council.
- 4.15 The Council is aiming to be recognised for high performance and has set a target over the next three years of success in procurement awards. The Council were shortlisted for “Most Improved Procurement Operation – Step Change” by the Chartered Institute of Procurement and Supply Procurement Awards. The award ceremony was held in London on September 9th 2015. The County Council was not successful in winning the award, but to be shortlisted in a category containing so many high performing organisations reflects well on the procurement team we have. It also demonstrates the improvements in our Corporate Procurement Strategy and the role that procurement can play in helping to deliver further efficiencies.
- 4.16 Through the Corporate Procurement Strategy we are committed to improving our approach to procurement and will continue to develop this approach over the next five years. We will ensure that our approach to procurement is appropriately commercial and our processes stand up to scrutiny and challenge.

5.0 RECOMMENDATIONS

Audit Committee are requested to:-

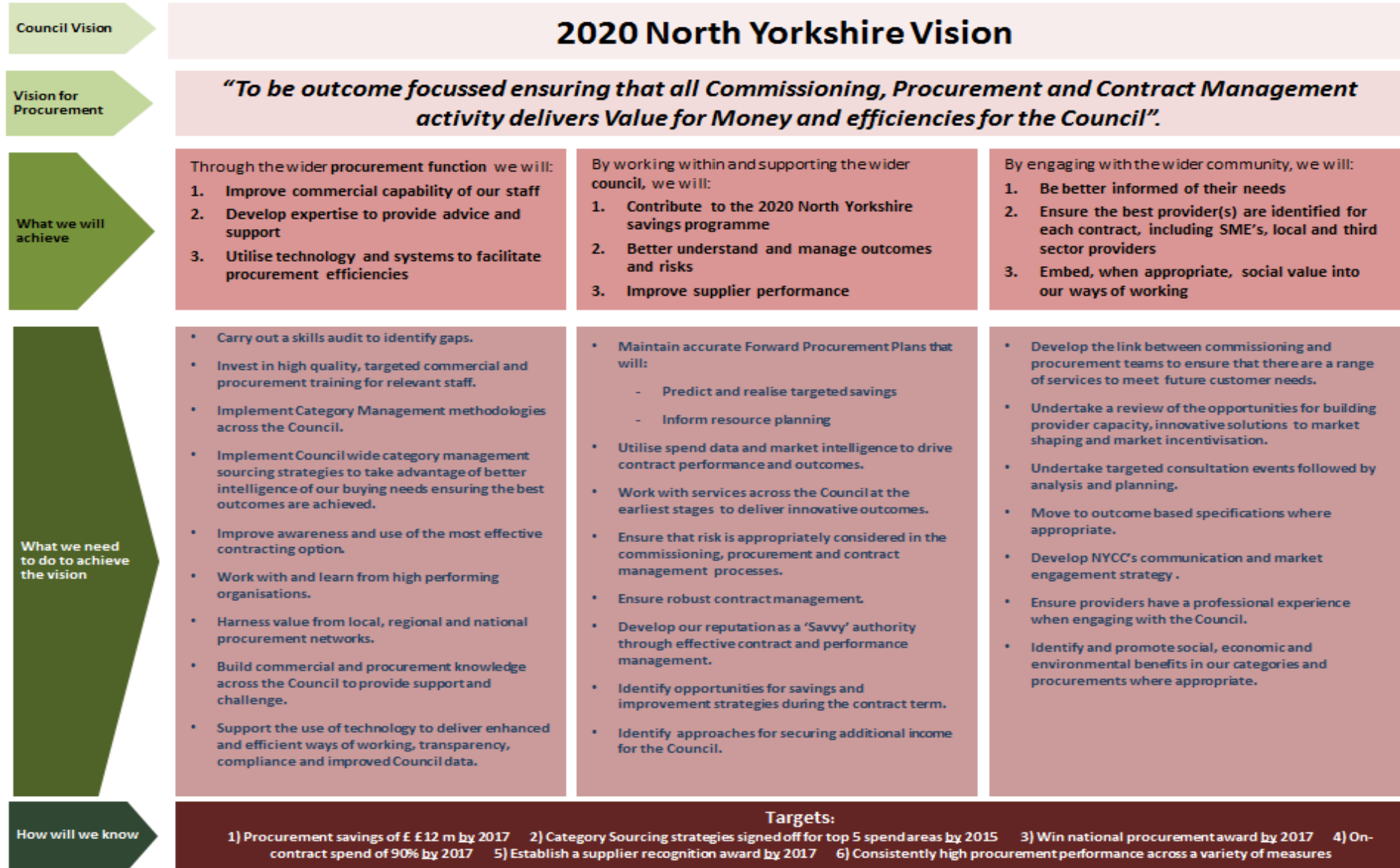
- a) Note progress on delivering the procurement strategy
- b) Provide comments in order to further add value to the ongoing work on procurement, especially in relation to delivering the procurement strategy.

Gary Fielding
Corporate Director, Strategic Resources

Author of Report –

Kevin Draisey
Head of Procurement and Contract Management
08 June 2016

Corporate Procurement Strategy 2014 - 2020



Appendix 2 – Strategy Action Plan



MB Appendix 2 -
Consolidated Procu

AUDIT COMMITTEE - PROGRAMME OF WORK 2015 / 16

	ANNUAL WORKPLAN	MAR 16	JUNE 16	JULY 16	SEPT 16	DEC 16
	Audit Committee Agenda Items					
A	Training for Members (as necessary)		2	3	1	TBA
	Annual Internal Audit Plan 2016/17	x	x			
	Annual report of Head of Internal Audit 2015/16		x			
	Progress Report on Annual Internal Audit Plan 2015/16	x			x	x
	Internal Audit report on Children and YP's Service		x			
	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 2015/16 (NYCC & NYPF)	x				
	Annual Report / Letter of the External Auditor				x	
	Interim Audit Report		x			
	Discussion with External Auditor on 1-to-1 basis					
C	Statement of Final Accounts including AGS (NYCC + NYPF)			x	x	
	Letter of Representation				x	
	Chairman's Annual Report				x	
	Effectiveness of Audit Committee		x			
	Changes in Accounting Policies	x				
	Corporate Governance – review of Local Code + AGS		x			
	– progress report inc re AGS		x			
	Risk Management (inc Corporate R/R) – progress report		x			
	Partnership Governance – progress report			x		
	Information Governance – progress report	x				
	Review of Finance./Contract/Property Procedure Rules				x	
	Service Continuity Planning		x			
	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
	Progress on issues raised by the Committee (inc Treasury Management)	x	x		x	x
E	Agenda planning / briefing meeting	17/02	8/06	29/06	14/09	16/11
	Audit Committee Agenda/Reports deadline	22/02	13/06	04/07	19/09	21/11
	Audit Committee Meeting Dates	03/03	23/06	14/07	29/09	01/12

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

- ◊ before formal meeting
- 1 LGPS
- 2 Procurement / VFM
- 3 Waste Teckal
- Sessions to be sorted