

Meeting: **AUDIT & GOVERNANCE COMMITTEE**
Date: **WEDNESDAY, 29 JANUARY 2020**
Time: **4.30 PM**
Venue: **COMMITTEE ROOM - CIVIC CENTRE, DONCASTER ROAD, SELBY, YO8 9FT**
To: **Councillors K Arthur (Chair), N Reader (Vice-Chair), J Chilvers, D Brook, J Duggan, K Franks, E Jordan and J Mackman**

<p>There will be a briefing for Councillors at 4.00pm in the Committee Room.</p>

Agenda

1. Apologies for Absence

2. Disclosures of Interest

A copy of the Register of Interest for each Selby District Councillor is available for inspection at www.selby.gov.uk.

Councillors should declare to the meeting any disclosable pecuniary interest in any item of business on this agenda which is not already entered in their Register of Interests.

Councillors should leave the meeting and take no part in the consideration, discussion or vote on any matter in which they have a disclosable pecuniary interest.

Councillors should also declare any other interests. Having made the declaration, provided the other interest is not a disclosable pecuniary interest, the Councillor may stay in the meeting, speak and vote on that item of business.

If in doubt, Councillors are advised to seek advice from the Monitoring Officer.

3. Minutes (Pages 1 - 6)

To confirm as a correct record the minutes of the Audit and Governance Committee held on 23 October 2019.

4. Chair's Address to the Audit and Governance Committee

5. Audit Action Log (Pages 7 - 8)

To review the Audit Action Log.

6. Audit and Governance Work Programme (Pages 9 - 10)

To note the current Work Programme and consider any amendments.

7. Information Governance Annual Report 2019 (A/19/13) (Pages 11 - 16)

To note the report from the Senior Solicitor, which provides an update on information governance arrangements for 2019.

8. External Audit Progress Report (A/19/14) (Pages 17 - 26)

To consider the External Audit Progress Report.

9. Review of the Risk Management Strategy (A/19/15) (Pages 27 - 48)

To receive the report from the Assistant Director (Veritau), which presents the reviewed Risk Management Strategy following consultation with the Leadership Team, and asks the Committee to note the revisions to the Risk Management Strategy.

10. Corporate Risk Register 2019-20 (A/19/16) (Pages 49 - 76)

To receive the report from the Assistant Director (Veritau), which provides an update on movements within the Corporate Risk Register, and asks the Committee to note the current status of the Corporate Risk Register.

11. Internal Audit, Counter Fraud and Information Governance Progress Report (A/19/17) (Pages 77 - 102)

To receive the report from the Assistant Director (Veritau) and Assistant Director – Corporate Fraud (Veritau), which asks the Committee to note the update on progress made in delivering the internal audit, counter fraud and information governance work for 2019/20.

12. Counter Fraud Framework Update (A/19/18) (Pages 103 - 150)

To approve the revised Counter Fraud and Corruption Strategy Action Plan; in addition the Committee are asked to comment on and note the updated Counter Fraud Risk Assessment.

Appendix C to the report is exempt from publication by virtue of paragraph 3 in Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). If councillors wish to discuss information contained within the appendix it will be necessary to pass a resolution to exclude the press and public.

**13. Review of Annual Governance Statement Action Plan 2018-19 (A/19/19)
(Pages 151 - 158)**

To note the report from the Chief Finance Officer, which presents the progress made against the Action Plan for the Annual Governance Statement (AGS) 2018-19.

Janet Waggott

Janet Waggott, Chief Executive

<p>Date of next meeting (5.00pm) Wednesday, 22 April 2020</p>
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Enquiries relating to this agenda, please contact Dawn Drury on 01757 292065 ddrury@selby.gov.uk.

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Minutes

Audit & Governance Committee

Venue:	Committee Room - Civic Centre, Doncaster Road, Selby, YO8 9FT
Date:	Wednesday, 23 October 2019
Time:	5.00 pm
Present:	Councillors K Arthur (Chair), N Reader (Vice-Chair), J Chilvers, D Brook, J Duggan, E Jordan and J Mackman
Officers present:	Karen Iveson (Chief Finance Officer (s151), Alison Hartley (Solicitor to the Council), Mark Kirkham (Partner, Mazars LLP), Phil Jeffrey (Audit Manager, Veritau), Jonathan Dodsworth (Counter Fraud Manager, Veritau); and Dawn Drury (Democratic Services Officer)
Others present:	Councillor C Lunn (Lead Executive Member for Finance and Resources), and Daniel Clubb (Senior Fraud Investigator, Veritau)
Public:	0
Press:	0

15 APOLOGIES FOR ABSENCE

The Democratic Services Officer informed the Committee that apologies for absence had been received from Councillor Franks.

16 DISCLOSURES OF INTEREST

There were no disclosures of interest.

17 MINUTES

The Committee considered the minutes of the Audit and Governance Committee meeting held on 30 July 2019.

RESOLVED:

To approve the minutes of the Audit and Governance Committee meeting held on 30 July 2019.

18 CHAIR'S ADDRESS TO THE AUDIT AND GOVERNANCE COMMITTEE

There was no address from the Chair.

The Chair indicated that he would be amending the order of business to allow agenda item number 10, External Annual Audit Letter 2019 to be considered prior to agenda item 9, External Audit Progress Report for continuity; the rest of the business would follow as set out in the agenda.

19 AUDIT ACTION LOG

The Committee reviewed the Audit Action Log. It was noted that the information requested in relation to the Annual Report of the Head of Internal Audit 2018-19 had been circulated to the Committee, and therefore the actions were noted as complete.

RESOLVED:

To note the Audit Action Log.

20 AUDIT AND GOVERNANCE WORK PROGRAMME

The Committee considered the current Audit and Governance Work Programme.

RESOLVED:

To note the Work Programme.

21 LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW LETTER 2018-19 (A/19/7)

The Committee received the report, presented by the Solicitor to the Council who explained that the Local Government and Social Care Ombudsman was the final stage for complaints made against Local Authorities. It was explained that appendix A of the report provided a national picture and had been included for information purposes.

The Committee heard that the Council had received 15 complaints in the year 2018/19 with 5 referred back to the Council for a local resolution; of the remaining 10 only 3 cases had been progressed to a detailed investigation by the Ombudsman, of which 2 had been upheld. In response to a query regarding the nature of the 2 upheld complaints, the Solicitor to the Council was unable to give details but stated that she would contact the responsible officer and circulate the information to the Committee.

The Committee was assured that the complaints process was operating

effectively, however to ensure that lessons were learned, and to improve performance, officers were looking at ways to streamline the complaints service to provide co-ordinated responses.

The Solicitor to the Council confirmed that for future years a summary only of appendix A would be brought before the Committee.

RESOLVED:

- i. **To note the Local Government and Social Care Ombudsman Annual Review Letter.**
- ii. **To ask the Solicitor to the Council to circulate details on the 2 complaints which had been upheld by the Ombudsman to the Committee.**

22 INTERNAL AUDIT, COUNTER FRAUD & INFORMATION GOVERNANCE PROGRESS REPORT 2019-20 (A/19/8)

The Audit Manager, Veritau presented the report which provided an update on progress made in delivering the internal audit work plan for 2019-20, along with an update on the counter fraud and information governance work undertaken to date in 2019-20.

The Audit Manager, Veritau pointed out that eight 2019-20 audits were in progress with three 2018/19 audits at draft report stage and highlighted to the Committee the progress in agreed actions, and the current status and key options for the audits reported previously.

In relation to the counter fraud aspect of the report, the Counter Fraud Manager, Veritau highlighted that 88% of investigations completed had resulted in a successful outcome, achieving £4.8k of cash savings for the Council, and avoiding a £78k 'loss' in respect of a Right to Buy application being cancelled. The Committee were also informed that the Counter Fraud team, in conjunction with the Council's Communications team, had run a cybercrime awareness week, delivering cybercrime awareness information to Council employees, which had proved very successful.

The Audit Manager, Veritau drew the Committee's attention to appendix C of the report which provided an update on Information Governance matters, to include the General Data Protection Regulation (GDPR) action plan along with data breaches.

The Committee were informed that Appendix D of the report was the Internal Audit Charter, in February 2019 CIPFA had published updated guidance on the application of the Public Sector Internal Audit Standards (PSIAS) in local government. To reflect the guidance a number of minor updates to the Internal Audit Charter were proposed and shown within the document as tracked changes, for the Committee's approval.

The Committee queried the purpose of the Information Asset Register (IAR) and Privacy notices, the Chief Finance Officer informed the

Members that the IAR was required by law and documented all the information assets that the Council held, and privacy notices informed customers about what the Council did with personal data.

In relation to a query regarding the security incident, the Chief Finance Officer was unable to confirm the specific nature of the incident, the Audit Manager, Veritau stated that he would contact the responsible officer and circulate the response to the Committee.

Discussion took place regarding how the individual audits were prioritised, and whether the Audit and Governance Committee could have an input; a request was also made that when dates were quoted within the reports they should include both start and completed dates for clarity. The Chief Finance Officer stated that the Committee was consulted on the work programme, which was formulated based on a risk assessment, and that timing was agreed with officers to ensure that the audits were spread over the year, and where appropriate to align with the work of external audit. It was confirmed that an audit status update could be provided with start and end dates.

In relation to the Internal Audit Charter the Committee requested a number of amendments to include:

- page 161, number 5.3, bullet point 1, amend board and senior management to read Leadership Team
- page 162, number 7.2, bullet point 1, amend Cabinet to read Executive
- page 163, number 7.5, the Head of Internal Audit will informally meet in private with members of the Audit and Governance Committee, to read individual members, and again on page 169, number 5
- page 169, number (ix), the word 'be' to be inserted between will and conducted on the penultimate line.

The Committee noted the contents of the report; and approved the revised Internal Audit Charter subject to the amendments above.

RESOLVED:

- i. **To note the progress on delivery of internal audit, counter fraud and information governance work.**
- ii. **To approve the revised Internal Audit Charter subject to the amendments above.**

23 EXTERNAL ANNUAL AUDIT LETTER 2019 (A/19/10)

The Partner, Mazars LLP presented the report and highlighted that the External Annual Audit Letter was a formal report on the outcome of the external audit, and that most of the content in the letter had been presented to the Committee at the previous meeting in July.

The Committee was notified that the outcome of the external audit of the

Council was positive, and that the Council had positive arrangements in place to ensure value for money.

The Partner, Mazars LLP highlighted that the Council were in a fortunate position due to the annual windfall in business rates income arising from renewables at the Drax power station.

In response to a query relating to which external experts provided the information on valuations for property, plant and equipment, the Chief Finance Officer stated that it was Align Property Partners. It was further confirmed that errors had been identified by Mazars LLP in three areas, however overall assurances were sought and obtained that the property, plant and equipment valuations were not materially misstated.

RESOLVED:

To note the report.

24 EXTERNAL AUDIT PROGRESS REPORT (A/19/9)

The Committee considered the report presented by the Partner, Mazars LLP which provided the Committee with a progress report in relation to the work and responsibilities of the external auditors. It was explained that the external audit for 2018-19 had been completed, and the report set out a summary of the planning work to be undertaken in relation to the 2019-20 external audit.

RESOLVED:

To note the report.

25 ADMITTANCE OF SCARBOROUGH BC TO VERITAU NORTH YORKSHIRE (A/19/11)

The Committee received the report prior to consideration by the Executive. The Chief Finance Officer explained that Veritau North Yorkshire (VNY) had been established in 2012 as a subsidiary of Veritau Limited, which was wholly owned by North Yorkshire County Council and City of York Council. At that time VNY was established with Veritau having 50% shareholding and five North Yorkshire district councils equally shared the remaining 50%, one of which was Scarborough Borough Council.

It was confirmed that in 2014 Scarborough Borough Council opted to leave the shared service and established its own in-house team for audit services. It was explained that as a result of subsequent budget cuts and vacancies the service was no longer sustainable and therefore Scarborough had asked to be re-admitted to Veritau North Yorkshire.

In response to a query regarding any financial impact the Committee was informed that Scarborough Borough Council would be asked to make a capital contribution of £10k, but there would be no financial impact on any of the existing district councils.

The Committee noted that the VNY Board representatives of all four existing district councils were supportive of re-admitting Scarborough Borough Council into VNY, as it would add resilience and further efficiency to the Council's internal audit service.

The Committee were supportive of the proposal.

RESOLVED:

To note the report.

26 PRIVATE SESSION

It was proposed, and seconded, that the Committee sit in private session due to the nature of the business to be transacted.

RESOLVED:

That, in accordance with Section 100(A)(4) of the Local Government Act 1972, in view of the nature of the business to be transacted the meeting be not open to the press and public during discussion of the following items as there will be disclosure of exempt information as described in paragraph 3 of Schedule 12(A) of the Act.

27 CONSIDERATION OF INTERNAL AUDIT REPORTS (A/19/12)

The Audit Manager from the Council's internal auditors Veritau presented the report, which advised that an audit had been completed on 2 October 2019 and the overall opinion was that the controls within the system only provided "Limited Assurance". As such, the findings had been brought to the Committee for presentation and discussion.

A number of questions were asked in relation to the report, the Chief Financial Officer informed the Committee that actions had been agreed to address the issues identified, and further confirmed that many of the actions had already been completed. It was highlighted that the service would be reviewed in 2020-21 in order to ensure that the improvement was as suggested.

The Committee was satisfied that appropriate action was being taken.

RESOLVED:

To note the report.

The meeting closed at 6.18 pm.



Audit and Governance Committee: Action Log 2019/20

Record of progress on resolutions and action points

Date	Minute number and subject	Resolution / Action Point	Update(s)	Officer(s)	Status
23 Oct 2019	21 - Local Government and Social Care Ombudsman Annual Review Letter	To ask the Solicitor to the Council to circulate details on the two complaints which had been upheld by the Ombudsman.		Solicitor to the Council	Ongoing

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Audit Committee Work Programme 2019/20

Date of Meeting	Topic	Action Required
<i>All meetings will be preceded by a training / briefing session for Councillors. These sessions will start 30 minutes before the meeting.</i>		

29 January 2020	Review of Action Log	To consider the latest Action Log
	Information Governance Annual Report 2019	To approve the Information Governance Annual Report
	External Audit Progress Report	To review the progress of the external auditor
	Risk Management Strategy	To review the Risk Management Strategy
	Corporate Risk Register	To review the Corporate Risk Register
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Counter Fraud Framework Update	To receive the Counter Fraud Framework Update
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'
	Review of Annual Governance Statement Action Plan 2018/19	To review the Annual Governance Statement Action Plan 2018/19

22 April 2020	Review of Action Log	To consider the latest Action Log.
	External Audit Strategy Memorandum	To review the external Audit Strategy
	External Audit Progress Report	To review the progress of the external auditor
	Internal Audit, Counter Fraud and Information Governance Progress Report	To review progress against the Internal Audit, Counter Fraud and Information Governance plans
	Internal Audit and Counter Fraud Plan 2020/21	To approve the Internal Audit, Counter Fraud and Information Governance plans 2020/21
	Constitutional Amendments	To consider any proposed amendments to the Constitution.
	Consideration of Internal Audit Reports	To consider any Internal Audit Reports that have concluded 'Limited Assurance' or 'No Assurance'.
	Annual Report 2019/20	To approve the 2019/20 Annual Report of the Audit and Governance Committee
	Work Programme 2020/21	To approve the Audit and Governance Committee Work Programme for 2020/21

Agenda Item 7



Report Reference Number: A/19/13

To: Audit and Governance Committee
Date: 29 January 2020
Author: Caroline Fleming, Senior Solicitor, Working for Selby District Council on behalf of North Yorkshire County Council
Lead Officer: Karen Iveson, Chief Finance Officer and Senior Information Risk Officer

Title: Information Governance Annual Report

Summary:

This is the Council's annual report on Information Governance arrangements for 2019.

Recommendations:

- i. **That Audit and Governance Committee note the contents of this report.**

Reasons for recommendation

To meet the requirement within the Audit and Governance Committee Terms of Reference.

1. Introduction and background

- 1.1 The current arrangement of annual reporting started following the Council's internal auditors (Veritau) publishing their report into their review of the Information Governance and Data Protection arrangements at Selby District Council in 2014. A project was established with a view to putting in place systems and controls to address the issues identified audit which have then been reported annually.
- 1.2 To reflect changes brought about by the General Data Protection Regulation (GDPR) an Information Governance Strategy and policies were put in place in 2018. A Central Information Governance Group (CIGG) was set up with terms of reference and membership from Legal, Policy and Performance, Business Development and Improvement, Data and Systems, Customers,

Development Management, Contracts and Commissioning, Democratic Services, Operations and Veritau to monitor compliance.

- 1.4 Following staff briefings on the GDPR on 16 April, 25 April and 4 May 2018 further training in relation to data protection took place in 2019.
- 1.5 In 2019 Veritau published a report in relation to the Information Security check for 2019. As for the previous year the key finding of the report is that the Council is reasonably well protected against accidental disclosure of information and 'substantial assurance' has been given for the information security audit in 2019.

2. The Report

- 2.1 This report sets out the information governance issues that have arisen during 2019.
- 2.2 Under the provisions of the General Data Protection Regulation (GDPR) and Data Protection Act 2018, Veritau Ltd continue to undertake the role of the Council's Data Protection Officer. Veritau and the CIGG continue to identify priority areas going forward in relation to the Information Asset Registers, Privacy Notices, training, policy review, communications and the preparation of an information governance strategy.

2.3 Information sharing agreements

The Council remains a signatory to the North Yorkshire Multi Agency Information Sharing Protocol.

The Council completed:

- 1 a variation to data sharing agreements in relation to the settlement of Syrian refugees in the District to reflect changes brought about by GDPR.
- 2 a data sharing agreement in relation Safeguarding Children.

2.4 Information Security checks

Veritau carried out an information security check at the Civic Centre in September 2019. The purpose of the check was to test the systems in place and assess the extent to which confidential, personal or sensitive data is stored securely and to ensure that data security is being given sufficient priority within Council offices.

Overall, the check established that there have been improvements since the previous check, with a significant reduction in the instances of data not being fully safeguarded and consequently the Council is reasonably well protected against accidental disclosure of information. However, there were a number

of cases where desk pedestals were not secured, which have since been addressed.

2.5 Data Protection Breaches

The number of data protection breaches represents an increase in incidents from the previous year but this is considered to be the result of increased awareness of both the requirements around data breaches and the correct procedure. The purpose of the procedure is to document breaches so that lessons can be learned and procedures can be updated. Data breaches are monitored through the CIGG.

Within the Council a number of data security incidents have been investigated since the last report to Committee in January 2019. None of the breaches below reached the threshold of referral to the ICO. The Council took action in relation to recommendations that arose following its own investigation which included further data protection and quality management of information held. The incidents were:

- Lost mobile phone
- Unauthorised access (printer error)
- Letter sent to wrong address
- Car stolen with Council laptop in it
- Lost Application form
- Email sent to wrong address
- Employee sent personal information to another employee thinking was relevant
- Letter sent to wrong customer
- Letter sent to wrong customer
- Letter sent referring to another property
- Letter sent to wrong person
- Names of 4 persons included in update note to councillors
- Caller with knowledge of daughter's council tax account number pretended to be daughter
- Email sent to right person referring to wrong address
- Advice emailed to wrong party
- Lost mobile phone

Each incident was subject to a formal breach review by the relevant Lead Officer. Recommendations arising from the breach investigations were implemented locally.

2.6 Freedom of Information

The Council currently has a well defined system in place to administer and respond to FOI requests.

The table below shows the number of FOI requests received and responded to in January to December 2019 which shows a response "in time" of 88.70%.

Month	FOI Received	FOI completed within time	FOI completed out of time	% completed in time (20 days)	% completed out of time (20 days)
Jan-19	52	49	3	94.23%	5.77%
Feb-19	78	67	11	85.90%	14.10%
Mar-19	50	47	3	94.00%	6.00%
Apr-19	52	45	7	86.54%	13.46%
May-19	63	54	9	85.71%	14.29%
Jun-19	32	30	2	93.75%	6.25%
Jul-19	58	50	8	86.21%	13.79%
Aug-19	66	60	6	90.91%	9.09%
Sep-19	61	55	6	90.16%	9.84%
Oct-19	57	45	12	78.95%	21.05%
Nov-19	46	43	3	93.48%	6.52%
Dec-19	49	44	5	89.80%	10.20%
Total	664	589	75	88.70%	11.30%

In relation to the December 2019 response figure and percentages please note that the figures could change as the time limit for responding to requests from 20 December 2019 until the end of December has not yet expired.

The Council's performance data for 2015 reported to the Audit and Governance Committee showed a response "in time" rate of 77.59%. The performance data reported for subsequent years showed a response "in time" rate as follows:

2016 - 80.18%

2017 - 95.45%

2018 - 90.42%

The target being worked to is 86% as the Information Commissioner will consider formal performance monitoring of an authority where it responds to 85% or fewer requests within the statutory time period. Performance during 2019 has been below last year but above the ICO target level. Legal Services and Business Support continue to work with service areas to ensure that

requests are responded to within statutory time limits with Business Support chasing responses from service areas before they are due and also introducing an escalation process to senior management if a response is at imminent risk of being classified late.

3. Legal/Financial Controls and other Policy matters

Legal Issues

- 3.1 The Information Commissioner has the power to fine the Council if there is a serious breach and he concludes that the Council does not have procedures in place that are sufficiently robust.

Financial Issues

- 3.2 There are no financial issues in this report.

Impact Assessment

- 3.3 Residents, suppliers, customers and partners have a reasonable expectation that the Council will hold and safeguard their data appropriately. Failure to comply with recognised good practice will have a negative impact of the reputation of the organisation.

4. Conclusion

- 4.1 The overall levels of control are within reasonable levels and the existing framework operates satisfactorily.

5. Background Documents

None

Contact Officer:

*Caroline Fleming
Senior Solicitor
Working for Selby District Council
On behalf of North Yorkshire County Council
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Agenda Item 8



Report Reference Number: A/19/14

To:	Audit and Governance Committee
Date:	29 January 2020
Author:	Dawn Drury, Democratic Services Officer
Lead Officer:	Karen Iveson, Chief Finance Officer

Title: External Audit Progress Report

Summary:

The report from the external auditor, Mazars, is provided for the Audit and Governance Committee to consider.

Recommendations:

To consider the External Audit Progress Report.

Reasons for recommendation

The Audit and Governance Committee is required, in accordance with Part 3 of the Constitution, to consider reports of the external auditor and inspection agencies relating to the actions of the Council.

1. Introduction and background

- 1.1 The report has been submitted by the external Auditor, Mazars and provides the Committee with a progress report in relation to the work and responsibilities of the external auditors.

2. The Report

- 2.1 The report is attached at Appendix A, which sets out a summary of external audit work completed to date and highlights that the planning work in relation to the 2019/20 external audit is now underway.
- 2.2 The report also refers to recent national publications and highlights other relevant updates.

- 2.3 The Committee will have the opportunity to ask questions of officers and the external auditors at the meeting.

3. Legal/Financial Controls and other Policy matters

- 3.1 None.

4. Conclusion

- 4.1 The Committee is asked to consider the report.

5. Background Documents

None.

Contact Officer:

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Appendices:

A – External Audit Progress Report



External Audit Progress Report

Selby District Council
January 2020





CONTENTS

1. Summary
2. Housing benefits subsidy assurance work
3. National publications

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1. AUDIT PROGRESS

Purpose of this report

This report provides the Audit and Governance Committee with an update on progress in delivering our responsibilities as your external auditor.

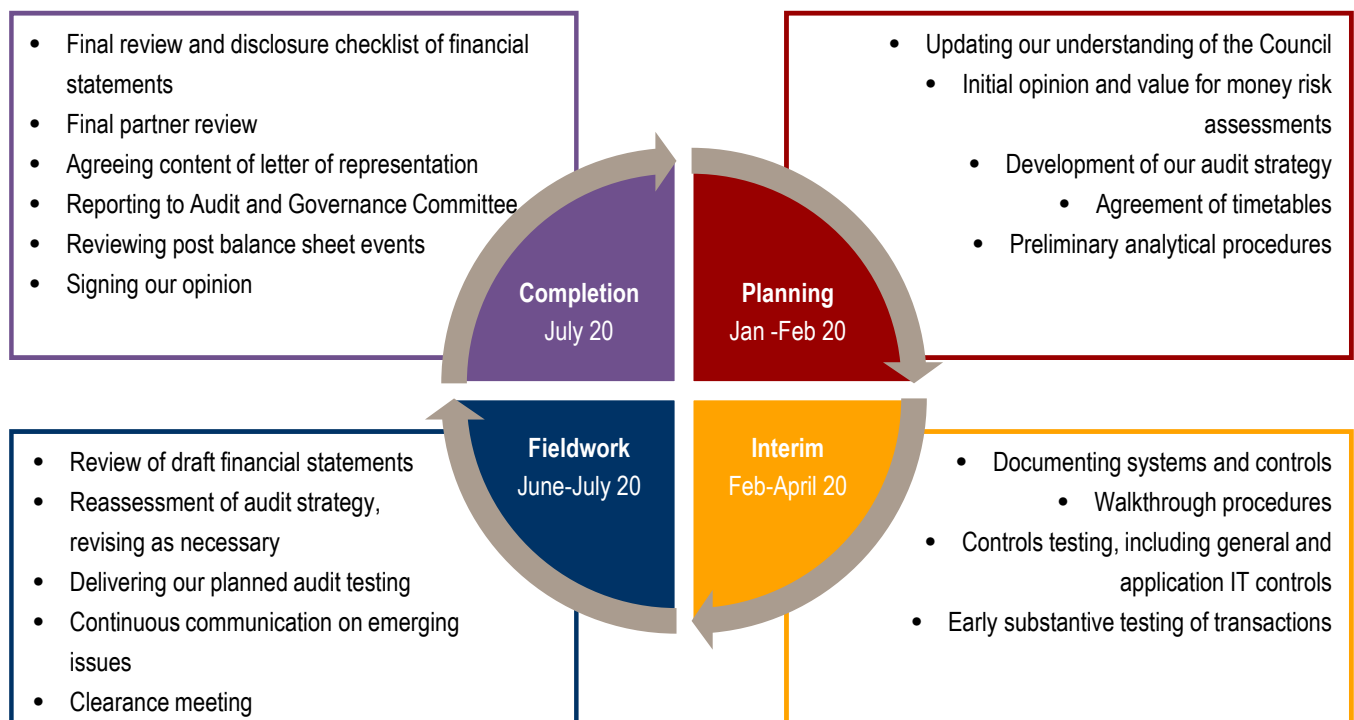
Audit progress

Our key audit stages are summarised in the diagram shown below.

We will carry out our walkthroughs and interim testing in February and March 2020. Our Audit Strategy Memorandum for 2019/20 will be brought to the meeting of the Audit and Governance Committee in April 2020.

There are no significant matters arising from our audit work to report to you at this stage.

Our non-audit work in respect of the housing benefits subsidy claim is detailed in the next section.



2. HOUSING BENEFITS SUBSIDY ASSURANCE

Non-audit work: housing benefits subsidy assurance

Our assurance work in respect of the housing benefits subsidy claim for 2018/19 is now complete. Our report to the Department of Work and Pensions (DWP) was submitted by the deadline of 30 November 2019.

Background to housing benefits subsidy assurance work

This is an 'agreed upon procedures' assurance engagement in respect of the Council's annual subsidy claim to DWP for housing benefits, as detailed in guidance issued by the DWP "Housing Benefits Assurance Process" (HBAP). The total subsidy claimed for 2018/19 per the final revised claim was £13,422,063. The prior year subsidy claimed was £14,973,513.

The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis. The relevant requirements are set out in Modules of the HBAP reporting framework and we report the results of those procedures to the Council and the DWP. The guidance is made available on the Government's website:

<https://www.gov.uk/government/publications/housing-benefit-assurance-process-hbap>

The work is split into:

- agreement of the subsidy claim to supporting working papers;
- initial testing (specified sample sizes);
- extended testing (described as "40+" or 'CAKE – Cumulative Knowledge and Experience' testing where there are errors arising or anticipated based on the prior year; and
- reporting of results, including extrapolated errors, to DWP who then assess whether there will be any loss of subsidy.

Summary of findings

Claim or return	Value of claim or return	Qualified
Housing benefit subsidy	£13,422,063	<p>There were two reporting issues.</p> <p>We identified 6 errors in a sample of 60 cases for rent rebates where benefit had been incorrectly paid as a result of the Council miscalculating the claimants earned income. These cases resulted in an overstatement of £88. If extrapolated across the population, subsidy would have been overstated by £650.</p> <p>We identified 7 errors in a sample of 60 cases for rent allowances where benefit had been incorrectly paid as a result of the Council miscalculating the claimants earned income. These cases resulted in an overstatement of £89. If extrapolated across the population, subsidy would have been overstated by £1,877.</p>

2. HOUSING BENEFITS SUBSIDY ASSURANCE

Fees

Total fees for this work are shown below.

	2017/18 £	2018/19 £
Indicative fee for Housing Benefits Subsidy Assurance	£14,450 + VAT	£12,450 + VAT
Final fee for Housing Benefits Subsidy Assurance	£14,450 + VAT	£12,450 + VAT

3. NATIONAL PUBLICATIONS

	Publication/update	Key points
1.	Fracking for shale gas in England, National Audit Office	Key facts set out on government's support of shale gas development to date.
2.	Local Government Financial Resilience index, CIPFA	Online data tool which measures local authorities against a range of indicators to assess their level of resilience.
3.	Financial Management Code, CIPFA	Guidance for good and sustainable financial management in local authorities.
4.	Prudential Property Investment, CIPFA	Guidance on prudent investments in commercial properties.
5.	Case study: succeeding in viability negotiations - Harborough District Council, Local Government Association	Including summary of learning for local authorities – affordable housing development.

1. Fracking for shale gas in England, National Audit Office, October 2019

Hydraulic fracturing (fracking) is a technique used to recover gas from shale rock. In England, this rock lies deep underground primarily in Yorkshire, the East Midlands and the North West.

Fracking for shale gas is the subject of media, public and Parliamentary interest. This report sets out the facts about the government's plans to support shale gas development in England to help Parliament consider whether taxpayers' interests are being protected effectively. It covers:

- an overview of fracking, and what activity has taken place to date;
- government's objectives;
- managing the risks from fracking; and
- the costs to taxpayers.

The summary report highlights that:

- the Department believes shale gas can support economic benefits, but it has not analysed the benefits or costs of shale gas development;
- progress to establish the commercial viability of extracting shale gas has been slower than government expected; and
- the Department considers it can meet its climate change objectives while developing shale gas, but it has not yet developed the necessary technology.

<https://www.nao.org.uk/report/shale-gas-fracking-hydraulic-fracturing/>

3. NATIONAL PUBLICATIONS

2. Local Government Financial Resilience index, CIPFA, December 2019

The resilience index is an online data tool which measures local authorities against a range of indicators to assess their level of resilience against financial shocks and to support financial decision making. Upper tier authorities are judged against nine indicators including social care. The social care measure is excluded for those authorities without social care responsibilities.

The indicators measured include:

- levels of reserves;
- change in reserves;
- reserves sustainability;
- interest payable/net revenue expenditure;
- gross external debt;
- fees and charges to service expenditure ratio;
- council tax requirement/net expenditure ratio; and
- growth above baseline.

The tool allows for year on year comparisons of each authority's performance, as well as comparisons with similar and neighbouring authorities. Trend analysis is also available for some of the indicators outlined above.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-launches-local-government-financial-resilience-index>

3. Financial Management Code, CIPFA, October 2019

Strong financial management is an essential part of ensuring public sector finances are sustainable. The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and aims to provide assurance that they are managing resources effectively.

It requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management. Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The FM Code built on elements of other CIPFA codes during its development and its structure and applicability will be familiar to users of publications such as The Prudential Code for Capital Finance, Treasury Management in the Public Sector Code of Practice and Code of Practice on Local Authority Accounting in the United Kingdom.

The Code applies to all local authorities, including police, fire and other authorities.

By following the essential aspects of the FM Code, local authorities are providing evidence to show they are meeting important legislative requirements in their jurisdictions.

The first full year of compliance will be 2021/22. This reflects the recognition that organisations will need time to reflect on the contents of the Code and can use 2020/21 to demonstrate how they are working towards compliance.

<https://www.cipfa.org/policy-and-guidance/publications/f/financial-management-code>

3. NATIONAL PUBLICATIONS

4. Prudential Property Investment, CIPFA, November 2019

Increasingly there has been a move towards investments in commercial properties, funded by borrowing, with the key driver of this activity appearing to be the generation of revenue. This publication provides guidance on making the assessments needed to ensure that such acquisitions are prudent and on the risks local authorities must manage when acquiring property.

Statutory investment guidance from the Ministry of Housing, Communities and Local Government (MHCLG) last year set out clearly that local authorities need to consider the long-term sustainability risk implicit in becoming too dependent on commercial income, or in taking out too much debt relative to net service expenditure.

The increased scale of investment in property was recognised by revisions to CIPFA's Prudential Code for Capital Finance and the Treasury Management Code in 2017, but the growing amounts being borrowed for such a purpose are putting a strain on the creditability of the Prudential Framework and reinforce the need to ensure that such acquisitions are affordable, prudent and sustainable.

In addition to the core issue of borrowing in advance of need, which the Prudential Code has very clear provisions on, this publication provides guidance on the risk perspective to the practical assessment of prudence and affordability. Those risks could be very difficult to manage. Even when these issues are managed and there is reliance on investment income, a potential failure or a downturn of the property market may have a direct impact upon local services.

This publication considers such issues and the actions local authorities would need to take to mitigate against such risks.

<https://www.cipfa.org/policy-and-guidance/publications/p/prudential-property-investment>

5. Case study: succeeding in viability negotiations - Harborough District Council, Local Government Association, December 2019

Harborough is a rural district often ranked as one of the best places to live in England. It is noted as a great place to live and work with most people enjoying a high quality of life. House and land prices are, however, the highest in Leicestershire and many residents struggle to get on the housing ladder or even access a suitable and affordable rented property.

Between 2011 and 2018 the District Council identified a policy need for 30-40 per cent of all new housing to be affordable. Between 2011 and 2018 consents have been given for almost 6,000 dwellings but due to viability issues permission has only been secured for 1,000 affordable units of which 500 have been built. This equates to just 16 per cent against a target of 30-40 per cent.

The District Council participated in the Housing Advisors Programme to support the way it approached viability negotiations – exploring the potential to bring this in-house as part of a new commercial assets team and also building on changes to the National Planning Policy Framework around 'viability'. The aim was to build the capacity in-house to undertake appraisal work on developer submissions of viability to appraise them and provide recommendations to allow for planning determinations.

Learning for local authorities

The challenges for local authorities in delivering affordable housing require an understanding of development viability to ensure that local housing strategies are successfully implemented. Developers continue to test adopted policy requirements through the planning process and local authorities require the skills and knowledge to support their position. The lessons from this project are that staff need to be equipped with the necessary skills to procure expert viability support and most importantly to actively manage the resultant contracts.

<https://www.local.gov.uk/topics/housing-and-planning/lga-housing-advisers-programme/housing-advisers-programme-case-15>



Report Reference Number: A/19/15

To: Audit and Governance Committee
Date: 29 January 2020
Author: Phil Jeffrey; Assistant Director – Audit Assurance – Veritau Group
Lead Officer: Karen Iveson; Chief Finance Officer

Title: Review of the Risk Management Strategy

Summary:

The report presents to Councillors the reviewed Risk Management Strategy following consultation with the Leadership Team. It was last brought to the Audit and Governance committee in January 2019.

Recommendation:

Councillors note the revisions to the Risk Management Strategy.

Reasons for recommendation

The Audit and Governance Committee has responsibility for overseeing the implementation of an effective risk management framework and reviewing the effectiveness of risk management.

1. Introduction and background

- 1.1 This report and document sets out a strategy for managing risk within Selby District Council.

2. The Report

- 2.1 The primary objectives of the strategy are to:-

- Ensure risk management is part of all decision-making processes and that it is embedded through ownership, both at officer and Councillor level;
- To integrate risk management into the day to day activities of the Council;

- Manage risk in accordance with best practice and in response to changes in the internal and external environment;
- Create and maintain effective processes that will allow the Council to produce risk management assurance statements annually.

2.2 The strategy remains largely unchanged following the review. However, some minor amendments have been made and an updated definition of risk management has been included at section 2, page 3. The changes have been highlighted as tracked changes in the attached Appendix 1.

3. Implications

3.1 There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

4.1 The revised strategy will help to ensure that risk management arrangements are in line with best practice and embedded into the Council's processes and procedures.

5. Background Documents

Risk Management Strategy – January 2019.

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Appendices:

Appendix 1 - Risk Management Strategy – January 2020.



Risk Management Strategy

20192020

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1. Introduction

This document sets out a strategy for managing risk within Selby District Council. To ensure that the strategy remains focused and in keeping with the overall aims and objectives of the Council, there is a need to review it on an annual basis. As such this document has been reviewed in ~~December 2018~~December 2019.

Sound risk management, when embedded, achieves many benefits. These include assisting in setting priorities (by focusing on key risks), service planning and demonstrating to stakeholders and inspectors that the Council is continuously improving by managing areas of key concern at all levels.

The challenge is to effectively manage risk without significantly increasing workloads. This is achieved by ensuring risk management is part of existing processes rather than treating it as a separate function.

The objectives of the strategy are to:-

- Ensure risk management is part of all decision-making processes and that it is embedded through ownership, both at officer and Councillor level;
- To integrate risk management into the day to day activities of the Council;
- Manage risk in accordance with best practice and in response to changes in the internal and external environment;
- Create and maintain effective processes that will allow the Council to produce risk management assurance statements annually.

As with all business activities, when practicing risk management it is essential that the council's corporate priorities are considered at all times. The council has ambitions to make the district a **great place to do business**, a **great place to enjoy life** and a **great place to make a difference**, while **delivering value**.

2. What is risk management?

Risk management ~~and risk can be defined as~~ have been defined by the Institute of Internal Auditors (IIA) as:

Risk management is a process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation's objectives. ~~is the process by which risks are identified, evaluated and controlled.~~ **Risk can be defined as** 'the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood. ~~is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies.~~

Risk management is a strategic tool and is an essential part of effective and efficient management and planning. As a strategic tool, risk management identifies those issues that will act as a barrier to the Council achieving its objectives. Appendix 2 to this document sets out the main areas of risk.

The organisation's approach is to be **risk aware** rather than **risk averse** and to manage risk rather than to seek to eliminate it in all cases.

There are two types of risk:-

- **Direct threats** (damaging events) which could lead to a failure to achieve objectives.
- **Opportunities** (constructive events) which, if exploited, could offer an improved way of achieving objectives but which are surrounded by threats.

3. Why do we need a Risk Management Strategy?

There are two reasons why risk management is undertaken and a strategy is put in place to ensure that risk management is embedded within the decision-making framework.

Firstly, risk management is about identifying those situations that will prevent organisations from being successful in achieving their corporate and service-based objectives, as well as successfully completing projects. If these situations are effectively managed then the organisation is more likely to achieve its objectives. Risk management is good management and should be incorporated in all decision-making. However, risk management is not only about managing risk but also about identifying opportunities. By understanding the risks and rewards that those opportunities may create, the organisation will be in a position to make informed decisions commensurate with its risk appetite. Should the organisation decide to accept a level of risk, where this cannot be fully mitigated, the organisation should be prepared for unfavourable outcomes.

The second reason is that risk management is also an essential part of the Annual Governance Statement. The Annual Governance Statement comments on the Council's position in relation to risk management, corporate governance and internal control. This strategy underpins the approach to risk management in the Council.

4. What are the benefits of risk management?

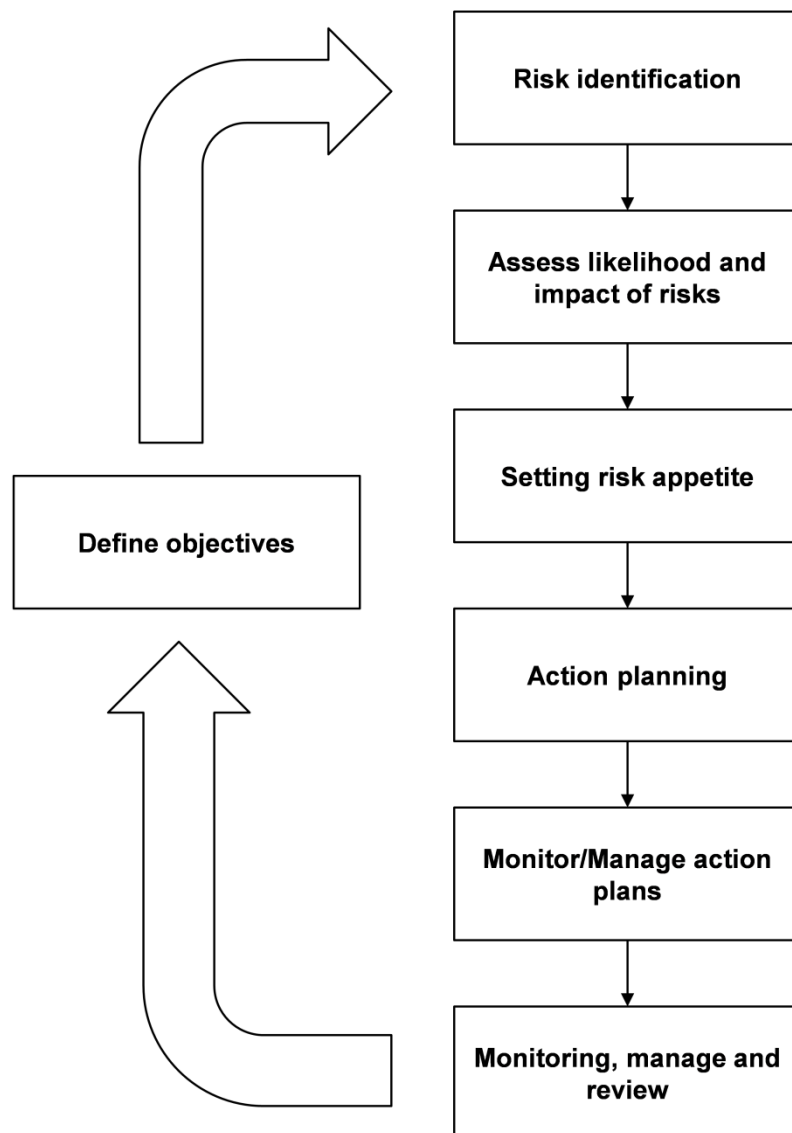
- Increased likelihood of achieving objectives by identifying the barriers to achievement – improved strategic management;
- Become less risk averse in innovation (because you understand) and hence are more innovative;
- Improved business planning and commercial awareness through a risk-based decision making process;
- Improved operational management;

- Improved customer service;
- Enhanced performance – feeds into performance management framework;
- Focus on doing what matters to make a difference.
- Providing assurance of demonstrable improvement and;
- Better governance and demonstration of it to stakeholders;
- Understanding and being prepared for incidents when they occur.

5. What is the Risk Management Process?

Implementing this strategy involves identifying, analysing, managing and monitoring risks. Risk management is a **continuous** process, which involves continual **identification, assessment and management** of the risks faced by the Council.

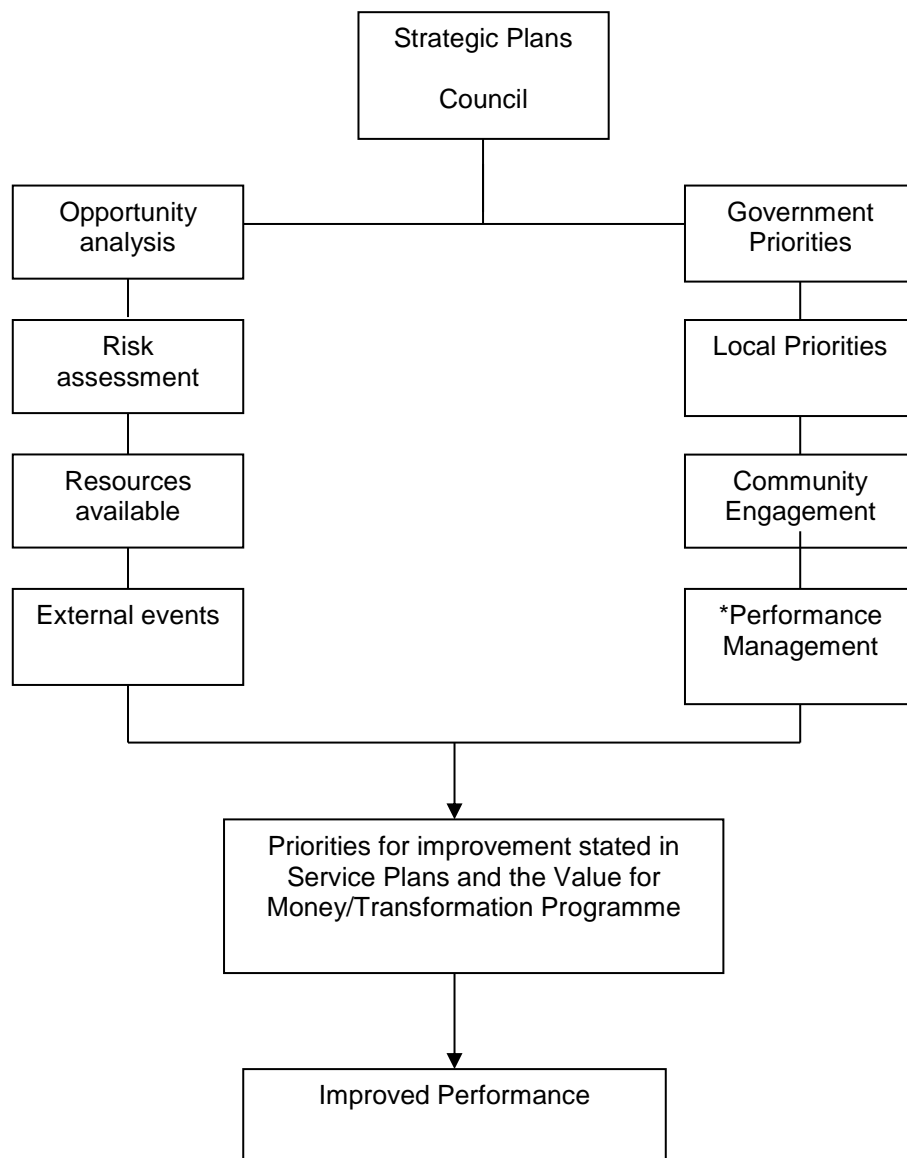
Figure 1: The Risk Management Process



6. Risk Management linking into Corporate Planning

The information resulting from the risk management process acts as one of eight key pieces of information that feed into the priorities of the Council.

Figure 2: Risk Management linking into priority setting



*Risk management and performance management share similarities in process and purpose and should be integrated to ensure that the other is operating effectively. The information generated through the performance management process at both the corporate and service level should be considered when scoring and updating risks so that only the most up-to-date information is used.

7. Risk Strategy for Selby

The success of risk management depends on how well it links into existing processes. This strategy recognises the three main types of risk management undertaken within local government, namely:-

- Corporate Risk Management: those risks that have major consequences for the Council in achieving its overall goals.
- Service-Based Risk Management: those risks that impact on delivery of services including welfare issues, health and safety and asset management issues.
- Partnership and Project-Based Risk Management: those risks that impact on the delivery of partnerships, projects and major items of change management.

8. Risk Culture

Selby District Council aims to be open in its approach to managing risk and will seek to avoid a blame culture. The organisation is willing to take a measured risk in order to promote innovation and to take advantage of operating in a more business like manner. Lessons from events that lead to loss or reputational damage will be shared as well as lessons from things that go well. Discussion on risk in any context will be conducted in an open and honest manner.

9. Business Culture (Commercial Development)

The Council is required to adopt a more business-like outlook in some service areas. This may mean taking measured risks in order to drive the business forward. These are undertaken with a full understanding of the potential consequences and an alternative plan having been developed, should undesirable consequences occur. The Council therefore is clear to identify and measure risks associated with business decisions and to eliminate or control risks associated with business decisions.

The objectives will be achieved by:-

Ref	Action	Lead
1	Maintaining an up-to-date Risk Strategy.	Internal Audit/Chief Finance Officer (Officer Risk Champion)
2	Providing practical guidance to staff and Councillors.	Internal Audit
3	Including consideration of risk management within Service Plans.	Directors/ Heads of Service
4	Including risk management assessments in Committee reports.	Directors/ Heads of Service
5	Including risk management within financial procedure rules.	Chief Finance Officer (Officer Risk Champion)
6	Allocating specific responsibilities for risk to officers throughout the organisation.	Directors/Heads of Service
7	Appointing a Councillor Risk 'Champion'.	Audit & Governance Committee - Chair
8	Supporting the work of the Councillor Risk Champion.	Internal Audit/ Chief Finance Officer (Officer Risk Champion)
9	Review of risk management arrangements as part of the review of internal controls.	Internal Audit
10	Annual report to the Audit & Governance Committee reviewing the risk management process. Bi-Annually to the Audit & Governance Committee on review of the Risk Registers	Internal Audit
11	Maintaining contingency plans in areas where there is potential for risk to the business capability.	Directors/ Heads of Service
12	Improving the integration between performance management and risk management.	Directors/ Heads of Service
13	Providing risk management awareness training for Councillors and officers.	Internal Audit
14	Statement on risk management to be included in the Annual Governance Statement which forms part of the Statement of Accounts of the Council.	Internal Audit
15	Challenging the progress being made on the action plans relating to risk.	Audit & Governance Committee

10. Partnership Working

The Council recognises both the benefits and the risks of partnerships and joint working. It seeks to manage these risks through agreeing partnership objectives, procurement arrangements, contracts and other agreements that identify and allocate risks to the relevant partners. To minimise the likelihood and impact of a significant failure in its partnerships, the Council encourages its partners to demonstrate that they have effective risk management arrangements in place and to disclose those arrangements when entering into partnership.

11. The movement of risks between Service Based Risk Registers and the Corporate Risk Register.

The Council acknowledges that the review of Service Based Risk Registers may identify a risk that could have a significant impact on the Council. When identified, there needs to be a clear process by which the risk is assessed to ensure that it meets the criteria for inclusion onto the Corporate Risk Register. This process is carried out by the Extended Leadership Team (ELT). Reviews of the Service Based Risk Registers are timetabled to ensure that any emerging risks are taken into account when the Corporate Risk Registers are reviewed.

12. Risk Management in our Decision Making

For risk management to be effective it needs to be considered in the decision making activities of the Council. Risks are articulated within the officer reports, including an assessment of risks associated with any recommendation being made. Formal consideration of risks is recorded within the Council's reporting templates.

13. Monitoring of Risk Trends

The Council's exposure to risk over time is subject to change as its internal and external environments change. It is imperative that changes in risk scores (and thus the risk 'trend') are kept under review so it can be ensured that appropriate risk treatment measures are in place and in order to make a determination as to whether these measures are functioning effectively. To

facilitate this process, in reviewing the Corporate Risk Register, senior officers and Councillors will consider the direction of change in risk since the last assessment was undertaken.

14. Annual review of Risk Management Strategy

The Leadership Team (LT) will annually review the Council's risk management strategy in light of changing legislation, government initiatives, best practice and experience gained in adopting the strategy. Any amendments will be recommended by LT for approval by Councillors.

This strategy has critical links to the Council's:-

- strategic objectives;
- governance arrangements;
- community focus;
- organisational structures and processes;
- standards of conduct;
- service delivery arrangements;
- medium term financial strategy;
- Annual Governance Statement

Risk management methodology**Appendix 1**

Implementing the strategy involves identifying, analysing, managing and monitoring risks.

Stage 1 – Identification, analysis, profiling and prioritisation of risks**Identifying the risks**

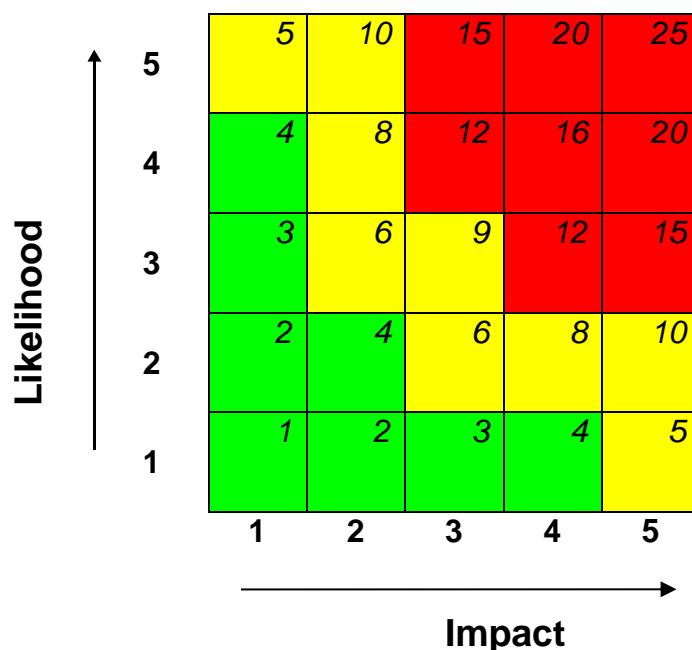
There are different methods to identify risks. Workshops and drop in sessions are facilitated for managers which encourage officers to share their concerns, problems and potential risks that they foresee. A review of published information such as service plans, strategies, financial accounts, media mentions, professional periodicals and inspectorate and audit reports are a useful source of information in the identification process.

When identifying risks the categories of possible risk areas presented in Appendix 2 should be used. They will act as a prompt and as a trigger for officers involved in the process. They will also ensure that a holistic approach to risk identification is taken and that the risk process does not just concentrate on operational, financial or legal risks.

Analysis, risk profiling and prioritisation

Following identification, the risks need to be entered onto the Risk Register(s) on the performance management system (Pentana) and evaluated. Risk Owners will review the risks identified and decide their ranking according to the likelihood of the risk occurring and its impact, should it occur. A matrix is used to plot the risks and, once completed, this risk profile clearly illustrates the priority.

Although the risk profile produces a priority for addressing each risk, determining the Council's appetite for risk can enhance this. All risks above the risk appetite cannot be tolerated and must be managed down, transferred or avoided. The appetite for risk will be determined by management. The risk profile used and risk scoring key are shown below:



Score	Likelihood	Score	Impact
1	Very Low	1	Negligible
2	Low	2	Marginal
3	Significant	3	Medium
4	High	4	Critical
5	Very High	5	Catastrophic

Using Pentana to manage and monitor risk allows the risks to be linked to projects, service plan actions and performance indicators.

Risks are then categorised as 'high (12-25)', 'medium (5-10)' or 'low (1-4)'.

Risks falling within the high category require mitigating action.

Stage 2 - Action Planning

The potential for controlling the risks identified will be addressed through the management action plans. Most risks are capable of being managed – either through mitigation planning (managing down the likelihood), contingency planning (managing the impact) or a mixture of both. Relatively few risks have to be avoided or transferred, although there will be a greater tendency to transfer (insure) risks that have a high impact, but a low likelihood. Action plans will also identify the resources required to deliver the improvements, key dates and deadlines and critical success factors/key performance indicators.

A formal action plan is required for all high risks identified (at the original risk stage). The action plan should clearly identify the mitigating actions and controls in place to reduce the original risk.

Action plans should not be seen as a separate initiative but should be incorporated into the business planning process and included and linked to service plans on Pentana. The plans should be appropriate to the level of risk identified.

When prioritising risks, those located in the upper right of the risk profile are the priority risks to be managed. The risk scores can then guide the next level of priorities.

Stage 3 Management of risks

All risks are managed by the senior officers and managers. Each risk has an identified owner and it is their responsibility to ensure that the corporate system (Pentana) is updated at regular intervals and in line with reporting timetables. They should also ensure that the corresponding mitigating action plans and controls are revised on the system as and when required.

Categories of Risk

Appendix 2

Risk	Definition	Examples
Political	Associated with the failure to deliver either local or central government policy or meet the local administration's manifesto commitment	New political arrangements, political personalities, political make-up
Economic	Affecting the ability of the council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance cover, external macro level economic changes or consequences proposed investment decisions	Cost of living, changes in interest rates, inflation, poverty indicators
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the council's ability to meet its objectives	Staff levels from available workforce, ageing population, health statistics
Technological	Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures	E-Gov. agenda, IT infrastructure, Staff/client needs, security standards
Legislative	Associated with current or potential changes in national or European law	Human rights, TUPE regulations etc.
Environmental	Relating to the environmental consequences of progressing the council's strategic objectives	Land use, recycling, pollution
Professional/ Managerial	Associated with the particular nature of each profession, internal protocols and managerial abilities	Staff restructure, key personalities, internal capacity
Financial	Associated with financial planning and control	Budgeting, level of council tax & reserves
Legal	Related to possible breaches of legislation	Client brings legal challenge
Physical	Related to fire, security, accident prevention and health and safety	Office issues, stress, equipment use etc.
Partnership/ Contractual	Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification	Contractor fails to deliver, partnership agencies do not have common goals
Competitive	Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value	Position in league tables, accreditation
Customer/ Citizen	Associated with failure to meet the current and changing needs and expectations of customers and citizens	Managing expectations, extent of consultation

Roles and responsibilities**Appendix 3****The Executive**

The Executive should understand risks as presented to them through officer reports when making decisions. They should ensure that there is an appropriate consideration of risk in relation to the decision making process and that any decisions made clearly articulate the Council's risk appetite.

Audit and Governance Committee

Councillors have the role of overseeing the effective management of risk by officers. In effect this means that they will agree the Strategy, framework and process put forward by officers – as well as the priorities for action. They will also review the effectiveness of risk management. They may also be involved in providing reports to stakeholders on the effectiveness of the risk management framework, strategy and process. Councillors are ultimately responsible for risk management because the risks threaten the achievement of policy objectives.

Leadership Team

The Leadership Team are pivotal to the risk management process as they set the risk appetite for the organisation through the projects, initiatives and cross cutting activities that they endorse and champion.

Officer Risk Champion

The Officer Risk Champion (Chief Finance Officer) is responsible for the implementation of the integrated framework, strategy and process on behalf of the Council and its Leadership Team. The champion, assisted by Internal Audit, is essentially fulfilling a controlling and facilitation role – to ensure the processes are implemented and to offer guidance and advice.

Supporting Services

Other support functions, e.g. finance, human resources, health and safety, legal, IT, will also have a role in providing support and advice.

Senior Officers

Heads of Service and Lead Officers are responsible for managing Business Plan (Strategic) Risks, Service Plan Risks, Partnership and Project Risk and ensuring that risk activity and targets are achieved and updated on a timely basis.

The Council - Partners

The Council works with a wide range of partners in delivering its services. It is important that those partners are brought into the risk management framework. At times it will be appropriate for partnerships and shared services to be undertaken. However, it is essential that accountabilities are adequately defined and that the Council does not overlook any risks that may fall on it arising from its part in a joint venture. Even where there is transfer of operational risks, for example under a PFI, there will undoubtedly be some residual risks falling on the authority. It is not possible to outsource the risk management process.

Internal Audit

As well as providing the Risk Management Facilitation service documented above, the Internal Audit function provides independent assurance on the effectiveness of controls within the Council. As part of the production and presentation of the annual 'audit opinion' on the risk and internal control framework to the Audit & Governance Committee, Internal Audit comments on the appropriateness of the risk management process within the Council; as well as identifying areas of low assurance and associated actions required.

All employees and Councillors

The management of risk should be regarded by employees (at all levels) and Councillors as one of their fundamental duties. All employees and Councillors have a responsibility to understand the Council's strategy and appetite to risk management, as well as reporting any actions that the Council should take to mitigate any adverse consequences.

The Importance of an Integrated Approach

In essence, the framework detailed above should provide a consistent, integrated top-down meets bottom-up approach to risk management – embedding it into strategy and operations. Risk management must continue to be integrated and play a key role in the decision making process in the future.

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Report Reference Number: A/19/16

To: Audit and Governance Committee
Date: 29 January 2020
Author: Phil Jeffrey; Assistant Director – Audit Assurance – Veritau Group
Lead Officer: Karen Iveson; Chief Finance Officer

Title: Corporate Risk Register 2019-20

Summary:

The report updates Councillors on movements within the Corporate Risk Register (Appendix A) for the Council, which was last reported to this committee in July 2019.

Recommendation:

Councillors note the current status of the corporate risk register.

Reasons for recommendation

The Audit and Governance Committee has responsibility for overseeing the implementation of an effective risk management framework and reviewing the effectiveness of risk management.

1. Introduction and background

- 1.1 This report updates Councillors on the actions taken by the Council to manage the corporate risks it faces.

2. The Report

- 2.1 Risks are recorded and reported through the Pentana system. Appendix A shows details of the corporate risks currently included in the system. The following information is included:

- Title of the risk.
- Risk description.
- Individual risk scores.
- Risk owner – identifies the officer responsible for monitoring the risk. This is a member of the Leadership Team.
- Causes of the risk identified.

- Consequences of the risk identified.
- Controls and mitigating actions in place – identifies the required management action and controls which have been put in place to manage the risk. In line with the Risk Management Strategy, only risks with a current score of 12 or over require a formal action plan.
- Original risk rating – identifies the risk level before any treatment.
- Current risk rating – identifies the level at which the risk has currently been assessed, based on the likelihood and impact.
- Target risk rating – identifies the risk level the Council is working towards.

2.2 The responsibility for reviewing and updating the risk register lies with council officers. Whilst Veritau facilitates the risk management process by offering challenge and support it retains its independence and objectivity as it is not part of the risk management process (i.e. it does not assess or score the individual risks).

2.3 For the risks identified on the Corporate Risk Register, there are controls or mitigating actions in place to manage these risks which are, and need to be, closely monitored on an ongoing basis.

2.4 The risks were reviewed and updated by officers in December 2019 and January 2020.

2.5 There a total of 12 risks on the Council's Corporate Risk Register for 2019-2020. This includes 2 risks (down from 3 at July 2019) with a score of 12 or more (high risk). This is a result of the organisational capacity risk reducing from 12 to 8.

3. Implications

3.1 There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

4.1 The risks on the Corporate Risk Register continue to be closely monitored and action plans have been developed, or are in the process of being developed, for all risks requiring active management.

5. Background Documents

Risk Management Strategy.

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Appendices:






Appendix A – Corporate Risk Register January 2020

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Selby District Council Risk Register


Overview: January 2020

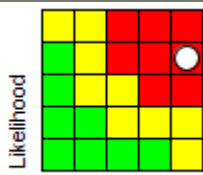
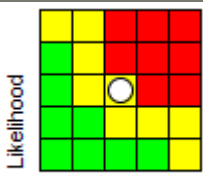
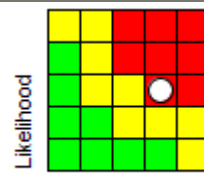


Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown


Status	Code	Previous Risk Score (July 2019)	Current Risk Score	Title
	SDC_CRR_003	12	12	Financial Resources
	SDC_CRR_008	16	12	Economic Environment
	SDC_CRR_002	10	10	Health and Safety Compliance
	SDC_CRR_014	9	9	Systems and Technology
	SDC_CRR_000	8	8	Failure to deliver corporate priorities
	SDC_CRR_004	12	8	Organisational Capacity

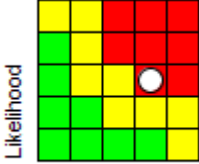

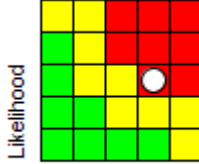
Status	Code	Previous Risk Score (July 2019)	Current Risk Score	Title
	SDC_CRR_006	8	8	Managing Customer Expectations
	SDC_CRR_007	8	8	Fraud & Corruption
	SDC_CRR_017	9	6	Managing Partnerships
	SDC_CRR_001	3	3	Failure in corporate governance arrangements
	SDC_CRR_013	2	2	Information Governance/Data Protection
	SDC_CRR_018	4	2	No Deal Brexit

Status	Risk Score	Risk Title	Description	Risk Owner
	12	Financial Resources	The Council's financial position is not sustainable beyond 2021.	Karen Iveson
Causes		<ul style="list-style-type: none"> • Poor financial planning • Funding cuts/ Investment Strategy • Poor spending • Poor decisions • Partnership contract (goes awry) • Fair Funding Review (demonstrate why costs) • Over commitment (i.e. Northamptonshire) • Economic - high inflation/increased demand • Loss of control in service delivery • Political environment changes 	Consequences	<ul style="list-style-type: none"> • Unable to deliver its Corporate Plan ambitions and Statutory functions • Unable to meet financial commitments (long/medium/short term) • Unable to set a balanced budget as required by legislation. • Central Government intervention • Forced to make unplanned service reductions which impact on residents and businesses. • Significant reputational and political change.
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Long term financial strategies (GF & HRA) setting out high level resources and commitments and owned by Council members. • 3 year budget underpinned by reasonable assumptions (inflation, interest rates etc.). • Effective in year budget management arrangements in place. • Savings plan approved with supporting delivery plans for each saving. • Programme for Growth resourced with supporting business cases and action plans. Investment decisions supported by robust whole life (at least 5 years) business cases. 		

Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating
 <p>Likelihood</p> <p>Impact</p> <p>20</p>	 <p>Likelihood</p> <p>Impact</p> <p>9</p>	 <p>Likelihood</p> <p>Impact</p> <p>12</p>

Notes	Review Date
<p>10-Jan-2020 No change to risk score. Financial uncertainty remains pending the reform of local government funding and the reset of the current business rate retention system which has been delayed to 2021/22 as result of the national political landscape and uncertainty over Brexit. In the absence of a clear forward funding settlement for local government, the Council's medium term financial plan to 2022/23 shows an annual savings requirement of circa £2m with the potential for further cost pressures increasing this to £2.5m. A risk assessed savings plan is in place but progress in 2019/20 is behind schedule and delivery plans in key areas of transformation are still to be implemented. Whilst Selby is at 'safety net', income from business rates growth remains high risk and the Government have announced plans to review New Homes Bonus.</p>	<p>10-Jan-2020</p>

Status	Risk Score	Risk Title	Description	Risk Owner
	12	Economic Environment	Poor net economic growth.	Dave Caulfield
Causes			Consequences	<ul style="list-style-type: none"> • Impact on reputation and willingness by business to engage • Inward investment reduces • Decrease in employment opportunities • Potential negative impact on business rates income. • Increased demand for services. • Increased demand for interventions to stimulate economic growth.
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Proactive engagement with LEPs to influence economic growth programmes. • increase levels of discussion and support both internally and externally to reinforce the positive impacts associated with industrial growth • <p>Engagement with key businesses to understand future challenges and opportunities to identify where the Council can provide additional support.</p> <p>Engagement with key partners to influence investment programmes and decisions.</p>		




Risk Assessments			
Original Risk Rating		Target Risk Rating	Current Risk Rating
			
12		4	12
Notes			Review Date


09-Jan-2020 The Council continues to work hard with partners and developers to stimulate local economic activity and there are strong positives in terms of job growth and house building with new opportunities such as the granting of permission for creative uses at Church Fenton and development underway at Sherburn2 (e.g. Cromwell's new HQ building) and new proposals for the redevelopment of Eggborough Power Station submitted for planning. The Council is actively promoting the regeneration and improvement of our town centres and places through bids for funding such as the TCF bid for Selby Station and the successful High Streets HAZ bid and joint work with NYCC on Local Cycling & Walking Infrastructure Plans for each town.

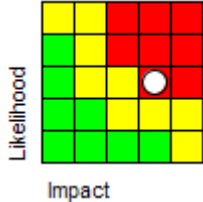
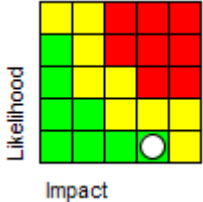
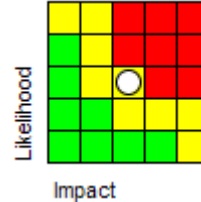
09-Jan-2020


Although growth has been significant in the district in recent years, inward investment into the region (apart from Leeds) has slowed significantly in the last year and the risks and uncertainties around the impact of Brexit remain very real. This is outside our control but has the potential to damage investor confidence and growth in the District. We are doing all we can to manage this risk by ensuring Selby district is seen as a great place to do business and by proactively promoting it as a great place to invest and to exploit any new opportunities that may arise including the governments focus on towns and the North.

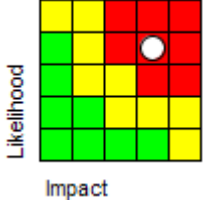
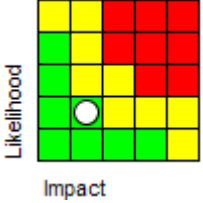
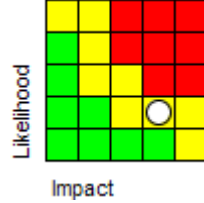
Status	Risk Score	Risk Title	Description	Risk Owner
	10	Health and Safety Compliance	Failure to comply with Health and safety legislation.	June Rothwell; Julie Slatter
Causes	<ul style="list-style-type: none"> • Incident involving a member of staff, visitor or member of the public • Incident involving council property or on council owned land. • HSE or third-party investigation. • Non-compliance with Health and Safety legislation. 			
Consequences	<ul style="list-style-type: none"> • Actual or potential injury or loss of life. • Environmental degradation. • Financial loss / impact on value of assets. • Reputational damage. 			
Controls or Mitigating Actions in Place	<ul style="list-style-type: none"> • Health and Safety Policy and Plan for 2017/18 has been reviewed and is in place led by SDC experts with NYCC providing expertise to provide advice to Managers and ensure Health and Safety procedures are rigorous. • Health and safety due diligence assessment on service areas and contractors. • Public liability and property insurance. • Risk management system in place to manage equipment, contractors, property and environmental and health and safety risks. • Health and safety performance monitoring of Delivery Partners to ensure HS&E compliance. • Risk assessing, and then managing accordingly, every property and asset. • Statutory checks to ensure regulatory HS&E Compliance. • Event Safety Plan for all events managed by external consultants. 			


Risk Assessments			
Original Risk Rating	Target Risk Rating	Current Risk Rating	
 <p>Likelihood</p> <p>Impact</p> <p>10</p>	 <p>Likelihood</p> <p>Impact</p> <p>10</p>	 <p>Likelihood</p> <p>Impact</p> <p>10</p>	
Notes 15-Jan-2020 Reassessed 13/01/2020. No change in the risk score. Annual corporate work plan in place and reviewed on a regular basis with feedback given to LT. Technical support is provided by NYCC through a SLA. Health and Safety Policy reviewed Nov 2019 and communicated to staff			Review Date 13-Jan-2020



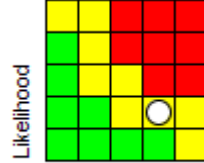
Status	Risk Score	Risk Title	Description	Risk Owner
	9	Systems and Technology	Lack of investment in the right technology and systems.	Stuart Robinson; Julie Slatter
Causes		<ul style="list-style-type: none"> • Failure to invest /keep up to date • Lack of knowledge to specify what we need • Fraud - internal theft of data or sabotage of system/data • Lack of training • Poor implementation • Policies not up to date • Not utilising fully 	Consequences <ul style="list-style-type: none"> • System fails - cannot deliver (or less than optimal) • Fraud or financial impact • ICO action/fine • Wasted money/resources • Loss of critical data • Reputational damage and/or undefendable claims 	
Page 61 Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Digital Strategy 2018/20 and Implementation Plan with focus on: • Digital customers – channel shift/self-service and meeting changing expectations • Digital workforce – using technology to transform how • Digital foundations – maintaining modern, secure systems and infrastructure and strengthening governance and resilience • IT investment - with 10 year plan - aligned to business needs and requirements (Digital Strategy). • Programme supported by clear business cases and benefit realisation reports. • Robust business continuity and disaster recovery arrangements. • Continue to maximise opportunities for partnership working – e.g. through Better Together - which will deliver on shared ICT resources. 		


Risk Assessments			
Original Risk Rating		Target Risk Rating	Current Risk Rating
			
12		4	9
Notes			Review Date
<p>07-Jan-2020 Cyber security training delivered across the council in summer/autumn 2019 - reducing the potential likelihood</p> <p>New, off site, digital, backup solution implemented - reducing potential impact</p> <p>Strengthened DR arrangements - e.g. DR Plan agreed January 2020 supported by new firewalls and remote access solution - reducing the impact</p> <p>Key systems, e.g. Northgate, IDOX upgraded to latest versions</p> <p>PSN compliance retained</p> <p>New hardware roll out commenced December 2019</p> <p>Windows server upgrades completed December 2019</p> <p>Smartphone rollout continues - MDM solution upgraded December 2019.</p> <p>Microsoft 365 roll out commences January 2020 - supported by staff training portal (implemented December 2019).</p>			07-Jan-2020

Status	Risk Score	Risk Title	Description	Risk Owner
	8	Failure to deliver corporate priorities	The Council fails to deliver its corporate priorities as set out and approved by Councillors.	Janet Waggott
Causes		<ul style="list-style-type: none"> • Lack of prioritisation • Priorities not reflected in service plans • Windfalls re direct priorities • Political and/or external factors • Capacity/single point of failure • Lack of clarity over corporate priorities 	Consequences	<ul style="list-style-type: none"> • Poor performance - impacting on residents • Poor reputation - residents and partners • Political instability • Staff morale decreased • Missed opportunities for funding • Partnership not fulfilled
Page 63 Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • New Council Plan 2020/30 approved December 2019; • Clear priorities – cascaded via PDRs/1:1s • Shared with wider workforce via Staff Briefings • Corporate Communications Plan in place. • Delivery via service plans – currently being drafted by Heads of Service in conjunction with employees • Monitoring via Leadership Team as programme board • Executive oversight through quarterly corporate performance monitoring (also subject to quarterly Scrutiny) 		


Risk Assessments			
Original Risk Rating		Target Risk Rating	Current Risk Rating
			
16		4	8
Notes			Review Date
<p>07-Jan-2020 New ten year Council Plan approved by Council in December 2019 setting out the priorities for the next ten years.</p> <p>Detailed three year Delivery Plan and updated performance monitoring framework due March 2020.</p> <p>Quarterly corporate performance monitoring continues. Q2 showed improvements being made across a range of services - including Council house re-let times which have previously been of concern.</p> <p>Draft budget for 2020/21 developed along the lines of the new Council Plan priorities - currently out to consultation.</p> <p>Regular staff sessions ensure employees are aligned to delivering priorities.</p> <p>OD Strategy (People Plan) drafted - resources identified to implement in 2020.</p> <p>Digital transformation in progress - supported by staff engagement.</p>			07-Jan-2020

Status	Risk Score	Risk Title	Description	Risk Owner
	8	Organisational Capacity	Lack of organisational capacity and resilience to effectively deliver agreed outcomes and objectives for now and for the future.	Julie Slatter
Causes		<ul style="list-style-type: none"> • Loss of staff • Pay scales • Skills • Wrong structure • Succession planning • Motivation • Culture • Poor leadership • Ineffective management • Failure to prioritise 	Consequences	<ul style="list-style-type: none"> • Increased cost of delivery • High churn • Slowing pace • Loss of talent • Poor delivery of priorities • Impact on reputation • Political frustrations • Failure to deliver outcomes • Low resident satisfaction • Loss of confidence from partners and businesses • Staff stress and dissatisfaction • Poor services
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Organisational review resulting in the right people in the right posts doing the right things, doing them well and funded on a sustainable footing. • Working with partners to lever capacity and expertise – e.g. Better Together. • Utilising Programme for Growth to secure short/medium term capacity to deliver Council priorities – e.g. Economic Development function. • Assessment and review processes (e.g. Peer Challenge; Staff Survey; IIP Assessment) in place. • Organisational Development Strategy (People Plan) and Action Plan • Secure sufficient HR/OD capacity/resources to deliver. 		

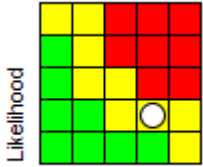
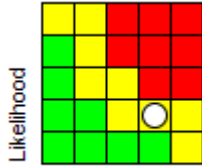
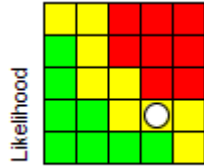
Risk Assessments			
Original Risk Rating		Target Risk Rating	Current Risk Rating
 <p>16</p>		 <p>8</p>	 <p>8</p>
Notes			Review Date
<p>07-Jan-2020 Budget planning in progress for 2020/21 - currently out to consultation</p> <p>New Council Plan agreed setting high level priorities for 2020/30 - informed by consultation with stakeholders (including staff). Senior managers now developing detailed delivery plan for 2020/23.</p> <p>OD Strategy (People Plan) drafted - need to deliver on leadership and skills priorities.</p> <p>Additional HR/OD capacity secured through collaboration with NYCC - this will support the delivery of People Plan priorities.</p> <p>Digital strategy being delivered. Officer 365 being rolled out to all staff in January 2020. Almost all staff will received new laptops or tablets. Over 150 staff now provided with smartphones.</p> <p>Some delays on implementation of Housing Management System - phase 1 now scheduled for April 2020.</p> <p>Service review underway in Planning to ensure resources directed to priorities in the most efficient way.</p>			07-Jan-2020


Status	Risk Score	Risk Title	Description	Risk Owner
	8	Managing Customer Expectations	Inability to meet customers' demand for services.	Stuart Robinson; Janet Waggott
Causes Page 67	<ul style="list-style-type: none"> • Lack of clear standards/standards not being met • Staff not demonstrating core values/behaviours • Poorly trained staff/ineffective learning • Staff not empowered to take decisions • Ineffective front:back office processes • Lack of resources/resources not aligned to priorities • Poor services 		Consequences <ul style="list-style-type: none"> • Poor customer satisfaction. • Quality and timeliness of service suffers. • Sustainability of service. • Increased customer complaints. • Impact on Elected Members. 	
	Controls or Mitigating Actions in Place <ul style="list-style-type: none"> • Increase community delivery. • Channel shift to self-service. • Re-design services using quality data. • Develop structured multi-agency partnerships. • Right first time services to remove avoidable work. 			

Risk Assessments			
Original Risk Rating		Target Risk Rating	Current Risk Rating
<p>8</p>		<p>4</p>	<p>8</p>
Notes			Review Date
<p>07-Jan-2020 Contact Centre move will now take place in the spring due to competing priorities.</p> <p>Roll out of technology to support customer self-service continues: Scanstation introduced; Revenues & Benefits self-service software up in Jan/Feb; website accessibility improvements in progress.</p> <p>Complaints annual report shows continuous improvement.</p>			07-Jan-2020

Status	Risk Score	Risk Title	Description	Risk Owner
	8	Fraud & Corruption	Incident of fraud and/or corruption occurs within the Council.	Karen Iveson
Causes		<ul style="list-style-type: none"> • Low staff morale • Debt (Individual) • Lack of vigilance by staff • System weakness - unknown • Failure to report changes • Incorrect information 	Consequences	<ul style="list-style-type: none"> • Financial and reputational loss. • Potentially more fraud (gaps not closed)
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Counter fraud arrangements reviewed through annual self-assessment. • Counter Fraud and Corruption Strategy and Policy to be reviewed regularly. 		


Risk Assessments

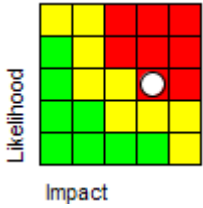
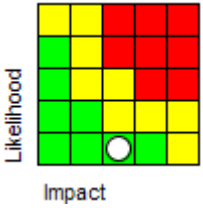
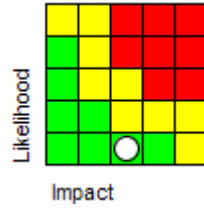
Original Risk Rating	Target Risk Rating	Current Risk Rating	Notes	Review Date
 <p>Likelihood</p> <p>Impact</p> <p>8</p>	 <p>Likelihood</p> <p>Impact</p> <p>8</p>	 <p>Likelihood</p> <p>Impact</p> <p>8</p>	10-Jan-2020 No change to risk score.	10-Jan-2020


Status	Risk Score	Risk Title	Description	Risk Owner
	6	Managing Partnerships	<i>Inability to influence strategic partnerships (e.g. health/ LEP/NYCC etc).</i>	Dave Caulfield
Causes <div>Page 70</div>		<ul style="list-style-type: none"> • Poor relationship management • Political buy in • Performance Management • Clarity of Purpose • Commissioning/contract management • Lack of Shared objectives • Due Diligence • Partnership governance 	Consequences <ul style="list-style-type: none"> • Service Failure - quality of delivery • Reputational • Loss of Service • Impact on customers/residents from lack of partnership resources • Conflicting priorities • Unable to gain additional resource/staff/funding • Capacity - ventures • Overspending • Legal challenge and costs • Conflicting governance • liability of additional cost/spend. 	
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Targeted work with key developers and investors. • Close working with the LEP's to identify potential investment opportunities. • Close involvement in shaping the asks within any Devolution deal. • Re-structure to increase capacity in economic development, regeneration and partnerships. 		

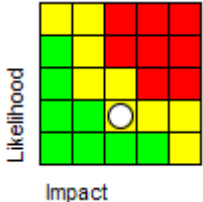
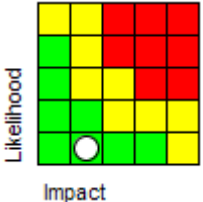
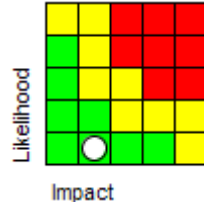
Risk Assessments		
Original Risk Rating	Target Risk Rating	Current Risk Rating

12	4	6	
Notes			Review Date
<p>09-Jan-2020 The Council proactively works with key partners in a number of ways and is building up a growing reputation as an outward-looking and proactive organisation who delivers through working with others.</p> <p>There is a partnerships policy in place and successful partnerships delivering across a range of outcomes such as health, economic growth, housing, arts/culture/heritage etc.</p> <p>Recent examples of success include:</p> <ul style="list-style-type: none"> * the Selby 950 programme which was delivered by a multi-partner steering group and funded by a range of key partners including SDC, Arts Council, Heritage Lottery Fund and key businesses such as Drax. This is opening up opportunities for strengthened partnership working and additional partner funding into the district going forward. * the Economic Partnership - which is delivering better Council to Business and Business to Business working in the district and has delivered major events, workshops, the successful first Selby district Business Week and the recent Apprenticeship Awards run jointly with Selby College. It also includes Key Account Management of our major employers to help address any issues and develop stronger joint working. We are also launching the first Selby Business Awards this year. * the Selby Health Matters partnership with NYCC public health and other key partners. This award-winning joint initiative has brought a wide range of health partners together to deliver better joint working and a range of new projects growing the reputation of both SDC and NYCC with peers and partners. * effective partnership working with the Local Enterprise Partnerships to ensure Selby District's ambitions are properly captured in economic plans, future Local Industrial Strategies and funding programmes. Our Head of Economic Development & Regeneration works for the YNYER LEP for 1 day per week to embed strong joint working. 			09-Jan-2020

Status	Risk Score	Risk Title	Description	Risk Owner
	3	Failure in corporate governance arrangements	The Council's governance and transparency of decision making is not effective and does not align with the Council's required flexibility to adapt.	Alison Hartley
Causes		The changing agenda and drive towards commercialisation requires the council to be 'fleet of foot' which may impact the ability to be accountable and transparent and legally compliant.	Consequences	<ul style="list-style-type: none"> • Councillors and managers may make decisions outside their accountability. • The Council will be vulnerable to legal challenges and ombudsman complaints with attendant costs, consequences and reputational damage. • Budgets may be overspent and outcomes may not improve.
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> • Constitution reviewed regularly including rules on decision making, access to information rules, contract procedure rules and financial procedure rules. • Governance training programme delivered for management team 		

Risk Assessments			
Original Risk Rating		Target Risk Rating	Current Risk Rating
			
12		3	3
Notes			Review Date
07-Jan-2020 Constitution updated for 2019/20			07-Jan-2020
AGS revised.			

Status	Risk Score	Risk Title	Description	Risk Owner
	2	Information Governance/Data Protection	Non-compliance with the Freedom of Information and General Data Protection Regulation acts.	Alison Hartley; Stuart Robinson
Causes	<ul style="list-style-type: none"> • ineffective and/out of date policies • staff not aware and/or trained • ineffective communication • lack of an Information Asset Register and associated roles and responsibilities 		Consequences	<ul style="list-style-type: none"> • Loss or inappropriate use of personal data and information. • Damaged reputation. • Financial penalty.
Controls or Mitigating Actions in Place	<ul style="list-style-type: none"> • Information governance action plan delivered to agreed timescales, including - policies and systems in place; training provided to officers and members. • Breaches recorded, monitored and followed up. 			

Risk Assessments			
Original Risk Rating	Target Risk Rating	Current Risk Rating	
 <p>6</p>	 <p>2</p>	 <p>2</p>	
Notes			Review Date
07-Jan-2020 Cyber security training delivered in summer/autumn 2019 for all staff and councillors - reducing the risk of data security being compromised. SIRO in place.			07-Jan-2020


Corporate Information Governance Group in place and meeting regularly - last meeting December 2019.

DPO in place

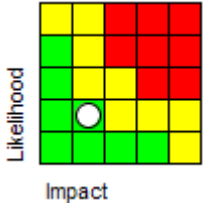
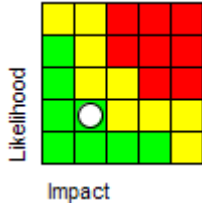
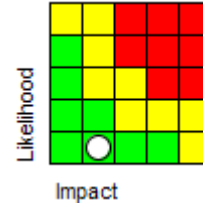
Info Security sweep of offices undertaken in September 2019 - resulting in a significant reduction in issues found - and recommendations addressed

Potential data breaches being reported/investigated.

Information Asset Register continues to be developed - supporting GDPR compliance.

Status	Risk Score	Risk Title	Description	Risk Owner
	2	No Deal Brexit	<p>The Council fails to prepare effectively for the impact of a no deal Brexit on our communities and the delivery of council services.</p> <ul style="list-style-type: none"> · Lack of awareness and/or understanding · Failure to engage effectively with emergency planning partners · Failure to consider the impact of key issues potentially arising · Failure to plan, resource the plan and implement the plan · Failure to communicate – to all stakeholders 	Janet Waggott
Causes			Consequences	<ul style="list-style-type: none"> · Increase in costs · Failure to secure adequate resources, e.g. staffing · Failures/reductions in service delivery – and subsequent reduction on customer satisfaction · Civil unrest
Controls or Mitigating Actions in Place		<ul style="list-style-type: none"> · Horizon scanning – including how other local councils are responding – with regular updates to LT/HOS · Agreed roles and responsibilities – Chief executive as strategic lead (emergency planning 'gold') · Full participation in LRF planning activities - including reviewing the LRF risk assessment matrix and updating the LRF of any changes · Communications plan 		

Risk Assessments

Original Risk Rating	Target Risk Rating	Current Risk Rating	Notes	Review Date
 <p>4</p>	 <p>4</p>	 <p>2</p>	<p>07-Jan-2020 Risk updated.</p> <p>Likelihood reduced from 'High' to 'Very Low'. Impact remains 'Marginal'.</p>	07-Jan-2020

UK set to leave EU on 31 January 2020.

Withdrawal Agreement Bill now progressing through Parliament - significantly reducing the risk of the UK leaving without a deal.

Prime Minister has stood down Operation Yellowhammer.

No further reporting required on LRF preparedness.

Continue to monitor communications and information from Whitehall during the coming weeks.

During 2020 Government will focus on the delivery aspects of the current deal, the future relationship negotiations and preparing for the end of the implementation period.

Depending on the outcome of these discussions, the 'No Deal Brexit' risk will be reviewed and updated.



Report Reference Number: A/19/17

To: Audit and Governance Committee
Date: 29 January 2020
Author: Phil Jeffrey; Assistant Director – Audit Assurance – Veritau Group
Jonathan Dodsworth; Assistant Director – Corporate Fraud – Veritau Group
Rebecca Bradley; Assistant Director – Information Governance – Veritau Group
Lead Officer: Karen Iveson; Chief Finance Officer

Title: Internal Audit, Counter Fraud and Information Governance Progress Report 2019/20

Summary:

The purpose of the report is to provide an update on progress made in delivering the internal audit work plan for 2019/20, and to summarise the findings of recent internal audit work. The report also updates the committee on counter fraud and information governance work undertaken so far in 2019/20.

Recommendations:

It is recommended that the committee:

- **note progress on delivery of internal audit, counter fraud and information governance work.**

Reasons for recommendation

In accordance with the responsibility of the committee to review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary

1. Introduction and background

- 1.1** The provision of Internal Audit is a statutory requirement (Accounts & Audit Regulations 2015).

- 1.2 The Audit and Governance Committee approved the Internal Audit, Counter Fraud and Information Governance plans for 2019/20 at the meeting held on 10th April 2019.
- 1.3 The purpose of this report is to inform the committee of the progress made to date in delivering the 2019/20 plans.

2. The Report

- 2.1 Details of internal audit, counter fraud and information governance work undertaken in 2019/20 are included in the reports at Appendix A to C respectively.

Internal Audit

- 2.2 Veritau carries out internal audit work in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.3 Internal audit provides assurance on corporate governance arrangements, internal control and risk management to the Council's management team and this committee.
- 2.4 Specifically, this support is provided to the Council's section 151 officer on reviewing the Council's financial arrangements, and support and advice on relevant issues.
- 2.5 There are currently eleven 2019/20 audits in progress. Three reports have been finalised since the last report to this committee. It is anticipated that the target to complete 93% of the audit plan will be exceeded by the end of April 2020 (the cut off point for 2019/20 audits).

Counter Fraud

- 2.7 Veritau delivers a counter fraud service to the Council. The counter fraud team aims to prevent, detect and deter any fraud committed against the council. Veritau supports the Council's section 151 officer in delivering the Council's counter fraud strategy.
- 2.8 To date, the counter fraud team have recovered £9.4k in actual savings for the council and assisted the council in cancelling a Right to Buy application with an associated discount of £78k. A summary of counter fraud work carried out during 2019/20 is included at Appendix B.

Information Governance

- 2.9 Information Governance provides advice and assurance on compliance with the GDPR and Data Protection Act 2018. This includes the Information Asset

Register, Privacy Notices, Data Protection Impact Assessments and project specific advice.

- 2.10** Limited progress has been made on the outstanding areas of the Information Asset Register since the last report to this committee. This was due to the lack of information from individual service areas. This was raised at CIGG on 5.1.20 and has been escalated to the Chief Finance Officer.
- 2.11** Work on Privacy Notices is continuing. Work is due to begin soon on updating policies. Veritau have advised on the Digital Workforce project, Surveillance, an Internal Review of a Subject Access Request and on a Security Incident. Training on Data Protection Rights and Principles happened in November 2019 with a second session planned for early 2020.

3. Implications

- 3.1** There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

- 4.1** Internal audit work is progressing in line with the agreed audit plan. Eleven audits are currently in progress with the remaining audits due to be started by the end of February. All audits have been scheduled in and timescales agreed with responsible officers. Progress will be reported to future committees.
- 4.2** The counter fraud team continue to help deliver the aims and objectives of the Council's counter fraud strategy. Fraud reported to the team is investigated and progress is regularly reported to the committee.
- 4.3** Some Information Governance work is progressing behind schedule due to delays in receiving information to complete the Information Asset Register. This work is now due to be completed by 31 March 2020. Other work on projects has progressed in line with agreed timescales.

5. Background Documents

SDC Internal Audit, Counter Fraud and Information Governance Plans
2019/20

6. Appendices

Appendix A – Internal Audit progress report 2019/20
Appendix B – Counter Fraud progress report 2019/20
Appendix C – Information Governance progress report 2019/20

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Selby District Council

Internal Audit Progress Report 2019/20



Audit Manager:	Phil Jeffrey
Deputy Head of Internal Audit:	Richard Smith
Head of Internal Audit:	Max Thomas
Date:	29 th January 2020

Background

- 1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the standards, the Head of Internal Audit is required to regularly report progress on the delivery of the internal audit plan to the Audit and Governance Committee and to identify any emerging issues which need to be brought to the attention of the Committee.
- 2 Members approved the 2019/20 Internal Audit Plan at their meeting on 10th April 2019. The total number of planned days for 2019/20 is 355 (including 33 days for risk management). This is a 20 day reduction from last year in order to fund additional priority counter fraud work. This is a temporary one year reduction to reflect increased demand on the counter fraud service and will be reviewed at the end of the year. The performance target for Veritau is to deliver 93% of the agreed Audit Plan by the end of the year. This report summarises the progress made in delivering the agreed plan.

Internal Audit Work Carried Out 2019/20

- 3 A summary of the audit work in progress and completed in the year to date is attached at Annex 1.
- 4 At the time of drafting this report, there are eleven 2019/20 audits in progress. There are currently no reports at draft report stage. It is anticipated that the target to complete 93% of the audit plan will be exceeded by the end of April 2020 (the cut off point for 2019/20 audits).
- 5 Veritau officers are involved in work in a number of other related areas:
 - **Support to the Audit and Governance Committee;** this is mainly ongoing through our support and advice to Members. We also facilitate the attendance at Committee of managers to respond directly to Members' questions and concerns arising from audit reports and the actions that managers are taking to implement agreed actions.
 - **Contractor Assessment;** this work involves supporting the assurance process by using financial reports obtained from Experian (Credit Agency) in order to confirm the financial suitability of potential contractors.
 - **Risk Management;** Veritau facilitates the Council's risk management process and provides support, advice and training in relation to risk management. Whilst Veritau facilitates the risk management process by offering challenge and support it retains its independence and objectivity as it is not part of the risk management process (Veritau does not assess or score individual risks).
 - **Systems Development;** Veritau attend development group meetings in order to ensure that where there are proposed changes to processes or new ways of delivering services, that the control implications are properly considered.
- 6 An overall opinion is given for each of the specific systems under review.

The opinions used by Veritau are provided below:

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.
No Opinion Given	An opinion is not provided when a piece of work is non-assurance or limited in scope. This may include work such as grant claims, fact-finding work, projects, a review of follow-up implementation or consultancy work.

- 7 The following priorities are applied to individual actions agreed with management:

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

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

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

Follow up of agreed actions

- 8 It is important that agreed actions are formally followed-up to ensure that they have been implemented. Where necessary internal audit will undertake further detailed review to ensure the actions have resulted in the necessary improvement in control.
- 9 A number of actions have revised implementation dates. This is done where the delay in addressing an issue will not lead to unacceptable exposure to risk and where, for example, the delays are unavoidable (e.g. due to unexpected difficulties or where actions are dependent on new systems being implemented). These actions will be followed up after the revised target date and if necessary they will be raised with senior managers in accordance with the escalation procedure.

- 10 Five outstanding actions relating to the 2015/16 audit of Information Governance have been consolidated into one action. This action reflects ongoing work to achieve compliance with the General Data Protection Regulation (GDPR). This is currently expected to be completed by 31 March 2020 and further details can be found at Annex 3.
- 11 All 64 agreed actions from 2016/17 audits have been followed up with the responsible officers. Of these, 63 have been satisfactorily implemented. The final action relates to an audit of Development Management where an implementation date cannot yet be agreed due to resourcing issues. Further details can be found at Annex 3.
- 12 All 42 agreed actions from 2017/18 audits have been followed up with the responsible officers. Of these, 39 have been satisfactorily implemented. The other three actions had not been implemented by the target date; a revised target date was subsequently agreed and the action will be followed up again after that point. A summary of this follow up work is included below:

2017/18 Follow-up status

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	39	1	19	19
Revised date agreed	3	1	1	1
Follow up in progress	0	0	0	0
Not yet followed up	0	0	0	0
Total agreed actions	42	2	20	20

- 13 A total of 53 agreed actions from 2018/19 audits have been followed up with the responsible officers. Of these, 36 have been satisfactorily implemented. In the other 17 cases, the action had not been implemented by the target date; a revised target date was subsequently agreed and the action will be followed up again after that point. A further 9 remaining actions agreed in 2018/19 audits have either not yet been followed up because the target dates have not passed or follow up work is still in progress. A summary of this follow up work is included below:

2018/19 Follow-up status

Action status	Total No.	Action Priority		
		1	2	3
Actions now implemented	36	1	23	12
Revised date agreed	17	0	8	9
Follow up in progress	2	0	1	1
Not yet followed up	7	0	7	0
Total agreed actions	62	1	39	22

- 14 Where Priority two actions have been revised for more than 6 months, details and current status can be found at Annex 3.

Annex 1: 2019/20 Audits

Audit	Status	Audit Committee
<u>Corporate Risk Register</u>		
Savings Delivery	Due to start Feb 20	
Financial Resilience	In progress	
Organisational Development	Due to start Feb 20	
<u>Financial Systems</u>		
Benefits	Due to start Feb 20	
Capital Accounting (carried forward)	Substantial Assurance	January 2020
Council Tax & NNDR	In progress	
Creditors	In progress	
General Ledger	Due to start Feb 20	
Housing Rents	In progress	
<u>Regularity / Operational Audits</u>		
Absence Management	Deferred ¹	
Assurance Mapping	In progress	
Community Engagement	In progress	
Community Infrastructure Levy	In progress	
Data quality	In progress	
Emergency Planning	Due to start Feb 20	
Health & Safety	In progress	
Planning	Support/Advice provided	
<u>Technical / Project Audits</u>		
Better Together	In progress	
Contract Management and Procurement	Due to start Feb 20	
ICT – Cyber Security Awareness	In progress	
ICT – User Access Levels	Due to start Feb 20	
Information Security	Substantial Assurance	January 2020
Project Management	In progress	

¹ This was deferred at the request of SDC due to NYCC carrying out their own review.

Draft Reports Issued

There are currently no 2019/20 reports at draft report stage.

Final Reports Issued

The table below shows audit reports finalised since the last report to this committee in October 2019. In all cases the actions have been agreed with management, and will be followed up by internal audit when the due date is reached.

Audit	Opinion	Agreed actions			Work done / issues identified
		P1	P2	P3	
Information Security Checks	Substantial Assurance	0	1	1	The audit found that there was an improvement from the previous checks with significantly fewer items found. However, some personal and commercially sensitive data was left in unlocked pedestals.
Capital Accounting	Substantial Assurance	0	1	0	The audit reviewed the completeness of the asset register, recording of acquisitions and disposals and the revaluation schedule for assets. One action was agreed which related to formalising the Council's relationship with its valuers.
Housing Development (18/19)	Reasonable Assurance	0	3	0	The audit reviewed the relationship between the Council and the Selby & District Housing Trust. It found that improvements could be made in relation to monitoring time spent for the Trust and managing any conflicts of interest that may arise.

Annex 3: P2 actions or above with revised dates of more than 6 months

Audit	Agreed Action	Priority rating	Responsible Officer	Due	Notes
Information Governance	<p>The agreed actions from the audit have been consolidated into one action and is summarised as follows.</p> <ul style="list-style-type: none"> • Review the Information Asset Register (IAR). • Ensure Information Asset Owners (IAOs) and SIRO are identified and their responsibilities captured in job descriptions. • Ensure any relevant risks from the review are reflected in risk registers. • Ensure the information is used to drive the creation and publication of Privacy Notices for key information assets. • Ensure the review of the IAR identifies information that is shared with others – and IAOs confirm all the relevant protocols are in place. • Learning from the review of the IAR will be used to update and consolidate the corporate records retention and disposal schedule in line with the document retention policy. This will apply to all records held and in all formats and will be made available throughout the organisation. 	2	Head of Business Development & Improvement	30 Nov 2016	<p>These actions have been included in the Council's GDPR action plan – with Veritau acting as DPO for SDC.</p> <p>The IAR has been reviewed and amended to include extra information. IAOs have been identified as has the SIRO. Work still needs to take place to capture these in job descriptions, in particular HR, Housing, Legal.</p> <p>Relevant risks are covered in the Corporate Risk Register. The IAR is currently being updated to include service specific risks to information. Most</p>

					<p>services have identified low/medium/high risks on IAR, still ongoing with some areas.</p> <p>Service specific Privacy Notices are in various stages of drafting. It has been identified where areas require more than one Privacy Notice.</p> <p>The IAR identifies controllers and processors who the information is shared with. It has not yet been identified where sharing agreements are in place.</p> <p>Retention periods for information assets have either been identified or are being queried on the IAR. This is ongoing and key areas missing are HR, Housing, and Legal.</p>
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					Revised date 31 Mar 2020
Development Management	Development management will introduce a process to ensure that all documents which the ICO recommends be removed from the public planning register are removed once the application has been determined.	2	Planning Development Manager	30 Apr 2018	The resource is not available to carry out a manual process on Anite. Alternative options are being considered and software changes are currently being discussed with IT. As yet there is no date for implementation.
PCI DSS	Data & Systems will seek assurances from NYCC as to the compliance of their cardholder data processing and liaise with the new income management system software supplier to better understand the future of PARIS and possible opportunities for scope reduction. An options appraisal will then be presented to Leadership Team which will set out the risk and cost implications of pursuing changes to the existing cardholder data environment. As for the compliance validation requirements, responsibilities will be established and assurances will either be obtained from NYCC that compliance requirements are	1	Head of Business Development & Improvement	30 Sep 18	Civica have bought Northgate PARIS – the Council’s current payments and income management system – and will no longer commit to supporting the software. As a result, the Council is required to procure new software. The Council has now put the order in to purchase CivicaPay – a hosted solution that removes the software

	<p>being fulfilled or arrangements will be put in place to ensure that Selby District Council fulfils its requirements.</p> <p>The content of policy and procedures for PCI DSS will be influenced by the option chosen by Leadership Team. Once a corporate decision has been taken the policy and procedures will be developed accordingly.</p>				<p>risks around compliance. Software to be implemented Q2 next year.</p> <p>Revised date of 30 Sep 2020.</p>
Contract Management and Procurement	<p>A framework contract using the M3NHF Schedule of rates for responsive maintenance and void work will be procured this financial year. The framework contract will consist of several lots reflecting the schedule and various trade disciplines. Preparatory work is currently underway to ensure all current and local suppliers are supported prior to and during the formal tender process.</p>	2	Head of Commissioning, Contracts & Procurement	31 Mar 19	<p>Formal arrangements have been put in place or previous arrangements have ended with four of the five identified suppliers with which there was no contract, preferred supplier or framework agreement in place. The fifth supplier will be part of a new framework agreement.</p> <p>Initial preparatory work has been done on the framework and it is expected to be fully in place by March 2020.</p>

					Revised date of 31 March 2020
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Selby District Council

Counter Fraud Progress Report 2019/20



Assistant Director – Corporate Fraud: Jonathan Dodsworth
Deputy Head of Internal Audit: Richard Smith
Head of Internal Audit: Max Thomas
Date: 29th January 2020

Background

- 1 Fraud is a significant risk to the public sector. Annual losses are estimated to exceed £40 billion in the United Kingdom.
- 2 Councils are encouraged to prevent, detect and deter fraud in order to safeguard public finances.
- 3 Veritau are engaged to deliver a corporate counter fraud service for Selby District Council. A corporate counter fraud service aims to prevent, detect and deter fraud and related criminality affecting an organisation. Veritau deliver counter fraud services to the majority of councils in the North Yorkshire area as well as local housing associations and other public sector bodies.

Counter Fraud Performance 2019/20

- 4 Up to 31st December, the fraud team detected £12.5k of loss to the council, achieved £9.4k in savings for the council, and helped cancel a right to buy application as a result of investigative work. There are currently 13 ongoing investigations. A summary of counter fraud activity is included in the tables below.

COUNTER FRAUD ACTIVITY 2019/20

The tables below show the total number of fraud referrals received and summarises the outcomes of investigations completed during the year to date.

	2019/20 (As at 31/12/19)	2019/20 (Target: Full Year)	2018/19 (Full Year)
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked).	85%	30%	50%
Amount of actual savings (quantifiable savings - e.g. CTS and CTAX) identified through fraud investigation.	£9,385	£14,000	£22,474
Amount of Right to Buy savings (savings through the cancellation of discounts through investigative work).	£78,200	n/a	£0

Caseload figures for the period are:

	2019/20 (As at 31/12/19)	2018/19 (Full Year)
Referrals received	83	112
Referrals rejected	55	61
Number of cases under investigation	13	12 ¹
Number of investigations completed	13	20

¹ As at 31/3/19

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	The 2018/19 National Fraud Initiative (NFI) is almost complete. No fraud of significance has been identified during the exercise. The counter fraud team is currently gathering data to send to the NFI for the 2019/20 single person discount review.
Fraud detection and investigation	<p>The service continues to use criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none">• Council Tax Support fraud – To date the team has received 54 referrals for possible CTS fraud. Fraud and error of £6k has been detected during the current financial year, with savings of £6.8k achieved. There are currently 5 cases under investigation.• Council Tax fraud – 18 referrals for council tax fraud have been received in 2019/20. There are currently 5 cases under investigation. Fraud and error of £3.3k has been detected during the current financial year, with savings of £1.1k achieved.• NNDR fraud – 5 referrals for NNDR fraud have been received in 2019/20. £3.3k in fraud and error has been detected in this area. 2 cases are currently under investigation.• Housing fraud – The team has received 6 referrals for investigation in the year. There is currently 1 ongoing investigation in this area. In December, the council prosecuted a former tenant for subletting a council property over the course of almost two years. The tenant pleaded guilty to all charges and was ordered to pay the council over £1,400 in fines and costs. This represents the first prosecution for illegal subletting in North Yorkshire.• Internal fraud – No cases of internal fraud have been reported this year.

Activity	Work completed or in progress
	<ul style="list-style-type: none"> • External fraud – An investigation regarding a cybercrime committed against the council was concluded this year. • Parking fraud – No cases relating to parking fraud have been reported this year.
Fraud liaison	<p>The fraud team acts as a single point of contact for the Department for Work and Pensions and is responsible for providing data to support their housing benefit investigations. The team have dealt with 60 requests on behalf of the council in 2019/20. This work has identified over £29k of housing benefit fraud and error.</p> <p>In May 2019, the DWP began new joint working arrangements with councils in the Yorkshire and Humber region. Joint working involves council fraud investigation officers working with DWP counterparts to investigate benefit fraud that affects both organisations. To date no joint investigations have started for Selby District Council.</p>
Fraud Management	<p>In 2019/20 a range of activity has been undertaken to support the Council's counter fraud framework.</p> <ul style="list-style-type: none"> • The counter fraud team alerts council departments to emerging local and national threats through a monthly bulletin and specific alerts over the course of the year. • In May, the council's counter fraud transparency data was updated to include data on counter fraud performance in 2018/19, meeting the council's obligation under the Local Government Transparency Code 2015.

Activity	Work completed or in progress
	<ul style="list-style-type: none">• The council participated in the annual Cipfa Counter Fraud and Corruption Tracker (CFaCT) survey in June 2019. The information will contribute to a Cipfa national report detailing the extent fraud against local authorities.• In September, the counter fraud team ran a cybercrime awareness week, delivering cybercrime awareness information to council employees through a number of bulletins provided over the course of the week.• In November, the counter fraud team and the council's communications team worked together to raise awareness of fraud internally and with the public during International Fraud Awareness Week.



Selby District Council

Information Governance Progress Report Quarter Three 2019



Information Governance Manager:	Rebecca Bradley
Head of Internal Audit:	Max Thomas
Date:	29 th January 2020

PURPOSE OF THE REPORT

- 1 To provide an update on Information Governance matters and developments in the Council's Information Governance arrangements and compliance with relevant legislation.
- 2 Information governance is the framework established for managing, recording, protecting, using and sharing information assets in order to support the efficient and effective delivery of services. The framework includes management structures, policies and processes, technical measures and action plans. It helps to ensure information is handled securely and correctly, and provides assurance to the public, partners and other stakeholders that the Council is complying with all statutory, regulatory and best practice requirements. Information is a key asset for the Council along with money, property and human resources, and must therefore be protected accordingly. Information governance is however the responsibility of all employees.
- 3 The Council must comply with relevant legislation, including:
 - The Data Protection Act 2018
 - The General Data Protection Regulation (GDPR)
 - Freedom of Information Act 2000
 - Environmental Information Regulations 2004
 - Regulation of Investigatory Powers Act 2000
- 4 In March 2018, the Council appointed Veritau to be its statutory Data Protection Officer (DPO).
- 5 The Corporate Information Governance Group (CIGG) is responsible for overseeing information governance within the council. The group is chaired by the Head of Business Development and Improvement and provides overall direction and guidance on all information governance matters. CIGG also helps to support the Council's Senior Information Risk Owner (SIRO) to discharge her responsibilities. CIGG is currently coordinating the delivery of the GDPR action plan, which includes reviewing and updating the council's information governance strategy and policy framework. CIGG has met regularly during the year.

GDPR ACTION PLAN UPDATE

- 6 The corporate privacy notice has been updated and is available on the Council's website. Individual privacy notices are also being prepared by each service team. These are being reviewed by Veritau as they are completed and will be published on the website.
- 7 Work will begin to review and update the information governance policy framework.
- 8 The Information Asset Register has been amended to reflect GDPR compliance needs. Work is ongoing to ensure the register is correct and up to date. Veritau is working with the relevant service teams to complete this work. Major outstanding areas include Legal, HR, Housing and Environmental

Health. Some areas require small amendments. This has been escalated with the SIRO.

- 9 A gap analysis of the Council's Information Sharing Agreements will begin. This will at first be applied to the completed service areas on the IAR and then applied to the rest once they are completed.

TRAINING

- 10 The Council and Veritau successfully delivered a series of GDPR briefing sessions to all Council officers in March, April, and May 2018.
- 11 Veritau delivered one training session on Data Protection Rights and Principles in November 2019 which 21 staff attended. A second session is planned for early 2020 for those who did not attend the first one. The Records Management training sessions are planned for early 2020 as adjustments may need to be made due to the move to using Office 365.

INFORMATION SECURITY INCIDENTS (DATA BREACHES)

- 12 Information Security Incidents have been reported to Veritau as required. The incidents are assessed, given a RAG rating and then investigated as required. Green incidents are unlikely to result in harm but indicate a breach of procedure or policy; Amber incidents represent actual disclosure, but harm is unlikely to be serious; and Red incidents are sufficiently serious to be considered for self-reporting to the ICO. Some incidents are categorised as 'white'. White incidents are where there has been a failure of security safeguards but no breach of confidentiality, integrity, or availability has actually taken place (i.e. the incident was a near miss). None of the reported incidents have needed to be reported to the Information Commissioner's Office (ICO).
- 13 The number of Security Incidents reported to the Council and Veritau in 2019-20 are as follows:

Year	Quarter	Red	Amber	Green	White	Total
2019/20	Q1	1	2	0	0	3
	Q2	1	2	0	0	3
	Q3	0	7	1	0	8
	Q4	0	0	0	0	0
	Total	2	11	1	0	14

SUBJECT ACCESS REQUESTS – INTERNAL REVIEWS

- 14 Veritau do not process Subject Access Requests for Selby however we do advise on Internal Reviews when appropriate.
- 15 Veritau are advising on an Internal Review and are working with the service area to complete this.

DATA PROTECTION IMPACT ASSESSMENTS

Digital Workforce Project

- 16 Veritau are working with the service area on the project board to give Information Governance and Records Management Advice for the project duration.
- 17 A Data Protection Impact Assessment has been drafted between the project lead and Veritau. This is on course to be completed before the system goes live.

SURVEILLANCE

- 18 An initial scoping exercise has been completed to identify all surveillance systems. Further work is required to ensure all actions have been completed in relation to these systems which includes checking the signage for CCTV systems. Progress will continue to be reported to CIGG.
- 19 Draft policy documents and privacy notices are completed and are now subject to comments with amendments taking place in due course. Work is ongoing to review the current RIPA (Regulation of Investigatory Powers Act) Policy and this will be incorporated into the new suite of surveillance documents.
- 20 The Council have received a letter from the Surveillance Camera Commissioner dated 20 December 2019. The letter provides warning that the Council will soon be contacted by the Commissioner with a survey asking for the identification of surveillance camera systems operated by the Council. Whilst completion of the survey is not mandated, completion is urged and a report will be written based on information provided by all local authorities which will then be provided as part of the annual report to parliament.
- 21 Veritau have a meeting scheduled with Angela Crossland, the Council's Senior Responsible Person for Surveillance on 30 January 2020. At this meeting, progress will be discussed with timelines agreed. The above mentioned survey will also be discussed within this meeting.



Report Reference Number: A/19/18

To:	Audit & Governance Committee
Date:	29 January 2020
Author:	Jonathan Dodsworth, Assistant Director – Corporate Fraud, Veritau Group
Lead Officer:	Karen Iveson; Executive Director (s151 Officer)

APPENDIX C IS NOT FOR PUBLICATION. This Report contains exempt information under paragraph 3 of schedule 12A to the Local Government Act 1972 as amended.

Title: Counter Fraud Framework Update

Summary:

A new counter fraud and corruption strategy, with associated action plan, was approved by the council in 2017. This report provides an update to the committee on progress against the actions set out in the strategy. An updated counter fraud risk assessment is also included which reflects the current fraud risks facing the council.

Recommendation:

It is recommended that the committee approve the revised counter fraud and corruption strategy action plan. In addition the committee is asked to comment on and note the updated counter fraud risk assessment.

Reasons for recommendation

To help ensure the council maintains robust counter fraud arrangements.

1 Introduction

- 1.1 The safeguarding of taxpayers money is a responsibility of all councils and their employees. Councils undertake a range of roles to support and provide services to their communities as well as helping residents in moments of need. When fraud against the public sector is committed and seen to not be addressed the effects are twofold; there is less money to support local services and the trust the public has in its local council can erode. A strong deterrent is required to prevent

fraud from being committed in the first place and reassure the public of the council's stewardship of their money.

- 1.2 This report documents the annual review of the council's counter fraud framework which includes the counter fraud strategy and action plan, counter fraud policy, and fraud risk assessment. In addition it informs the committee of national and local counter fraud trends and developments.

2 National Picture

- 2.1 The council participates in CIPFA's Fraud and Corruption Tracker survey, which gathers data on fraud from councils across the UK. The findings are published in an annual report. Fraud data from 2018/19 for Selby District Council was provided in June 2019. The annual report was published in November 2019 and is included at appendix A for information.
- 2.2 Key trends highlighted by the report include the following.
- Levels of housing fraud detected nationally (in terms of both subletting and fraudulent right to buy applications) has fallen. However the average loss per case remains high at £32k. Councils nationally built the most new council homes since 1990 in 2018/19 and this investment in social housing continues to be at risk from false applications, illegal subletting and fraudulent right to buys.
 - The highest volume of fraud reported in the survey relates to council tax fraud, which includes claims for council tax support as well as single person discounts. The number of cases reported and the average loss from council tax support frauds has steadily increased since its inception in 2013. The current average loss is £802 per fraudulent claim.
 - Procurement Fraud is still seen as the highest area of risk for local authorities. Fraud can take place at any point in the supply chain of services making it difficult to detect. CIPFA reports that 12% of cases detected involved insider fraud and 5% involved serious and organised fraud.
- 2.3 Procurement, housing and council tax related frauds are all areas of focus for the counter fraud team in 2020/21 and specific actions are contained within the counter fraud strategy action plan at appendix B.
- 2.4 The last Fighting Fraud and Corruption Locally (FFCL) Strategy for local government was last published in 2016 and runs until 2019. A new strategy is expected to be published in 2020 by the FFCL board which is hosted by CIFAS and made up of volunteers from relevant local and national bodies. Veritau participated in a regional meeting in October to help shape the strategy. Once published the new FFCL strategy will inform the council's own strategy. An action to revise the

council's current strategy is also contained in the counter fraud strategy action plan.

- 2.5 In 2019, the Department for Work and Pensions (DWP) began joint working with local authorities to tackle fraud relating to government managed benefits (e.g. housing benefit and universal credit) where they interact with council managed benefits (e.g. council tax support). To date, the amount of joint working in North Yorkshire has been minimal. There have been no joint working cases for Selby District Council. At present it is not possible to evaluate the positive or negative effects of joint working for the council.

3 Local Trends

- 3.1 The number of referrals for potential fraud received by the counter fraud team has continued to rise. Compared to the same point last year the team have experienced an 18% increase in referrals received. This is the second year of double digit percentage increases in referrals received (last year at the end of quarter 3 the team had experienced a 20% increase). Analysis has shown the increase this year is due to more referrals from both the public and members of staff.
- 3.2 Over the last year, the counter fraud team has worked closely with officers in housing services to raise awareness of fraud issues and ensure that potential fraud cases are referred for investigation. This has led to an increase in levels of fraud being reported. In 2018/19 four referrals for housing fraud were received. In 2019/20 this has increased to six referrals for the year to date. The closer working relationship between the teams has also resulted in better outcomes from fraud cases. In December, the council (working with the counter fraud team) successfully prosecuted a former tenant for illegally subletting a council property in Tadcaster over a two year period. The offender was ordered to repay the council over £1400 in fines and court costs. The counter fraud team have also worked closely with the legal and housing departments to provide additional checks on right to buy applications to ensure that they have been made correctly. It is hoped that this action will provide a deterrent to others contemplating housing fraud and encourage the public to report the fact should they become aware of similar situations.
- 3.3 There has been a 50% decrease in statutory requests from the DWP in relation to housing benefit investigations in 2019/20 – 60 to the end of the third quarter compared to 118 at the same point last year. This is unexpected given that there are still large numbers of people claiming housing benefit from the council.

4 Review of Counter Fraud Strategy and Risk Assessment

- 4.1 The council's Counter Fraud and Corruption Strategy 2017-19 was approved by the committee in January 2017. The strategy takes into

account the national collaborative counter fraud strategy for local government in the UK (Fighting Fraud & Corruption Locally). No changes are required to the main body of the strategy, however the associated action plan, in appendix B, has been updated to indicate progress on tasks as well as new objectives for 2020/21.

- 4.2 It is recognised good practice for councils to assess their risk of fraud on a regular basis. A counter fraud risk assessment was first produced for the council in September 2016 and has been updated annually since then. The risk assessment included in restricted appendix C is the latest update of that document. A number of specific actions are included in the risk assessment. These include work to be undertaken by both the internal audit and the counter fraud teams as part of their 2019/20 and 2020/21 plan of work for the council.
- 4.3 As part of this review the council's Counter Fraud Policy has also been reviewed but no changes are required.

5 Legal/Financial Controls and other Policy matters

5.1 Legal issues

- 5.1.1 Appendix C to the report is exempt from disclosure under the provisions of paragraph 3 of Schedule 12A to the Local Government Act 1972 as it contains information relating to the financial or business affairs of any person including the authority itself. The appendix contains detailed information relating to the systems and processes that the Council has in place to manage fraud risk. The information, if published, could put the Council at increased risk of fraud. Councillors will need to resolve to meet in private session if they wish to discuss any issues arising from Appendix C.

5.2 Financial Issues

- 5.2.1 There are no financial implications as a result of this report.

6 Conclusion

- 6.1 This report updates the committee on national and local developments within counter fraud. It also presents the outcomes of the annual review of counter fraud arrangements which helps to ensure that the Council maintains a robust counter fraud policy framework and has an up to date fraud risk assessment in place.

7 Background Documents/Contacts

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Veritau Group*
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Appendices:

- Appendix A: CIPFA Fraud and Corruption Tracker 2019
- Appendix B: Counter Fraud and Corruption Strategy Action Plan
- Appendix C: Fraud Risk Assessment (NOT FOR PUBLICATION. This Appendix contains exempt information under paragraph 3 of schedule 12A to the Local Government Act 1972 as amended)

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fraud and corruption tracker

Summary Report 2019



**CIPFA COUNTER
FRAUD CENTRE**

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Foreword

A handwritten signature in black ink that reads 'Rob Whiteman'.

Rob Whiteman
Chief Executive, CIPFA

As stewards of public money, it's the responsibility of each and every public sector organisation to take an active role in the fight against corruption, bribery and fraud. The impact of financial crime on the public sector is enormous. The diversion of funding from vital public services undermines public trust, financial sustainability, organisational efficiency and makes the vulnerable people in our communities that much worse off.

The CIPFA Fraud and Corruption Tracker (CFaCT) aims to provide a current national picture of public sector fraud and corruption for local authorities and to help identify counter fraud actions that must be taken. The report's findings provide valuable insights designed to help counter fraud practitioners in local government better understand national trends and emerging risks.

This publication is part of CIPFA's commitment to support the public sector and promote the principles of strong public financial management and good governance. Not only do our findings shed valuable light on the fraudulent activities happening in public organisations across our country, but they also showcase the important role that counter fraud measures play in the larger fight against fraud and corruption.

The findings from the 2019 CFaCT survey should not be understated. Understanding the emerging risks that similar sectors face can help organisations in the broader public sector increase their individual awareness, collaborate more effectively and take tailored action to prevent illegal activity from growing in the public sphere.

By working together, all agencies involved in protecting public resources can improve clarity and efficiency in tackling fraud. Ultimately the improved outcomes that result will benefit all communities.

The survey was supported by:



The CIPFA Counter Fraud Centre

The CIPFA Counter Fraud Centre (CCFC) was launched in 2014. Building on CIPFA's 130-year history of championing excellence in public finance management, we offer a range of products and services to help organisations detect, prevent and recover fraud losses. We support the national counter fraud and anti-corruption strategy for local government, Fighting Fraud and Corruption Locally and were named in the UK Government's 2014 Anti-Corruption Plan and in the 2017–22 Anti-Corruption Strategy as having a key role to play in combating corruption, both within the UK and abroad. Through the annual CFaCT survey, we lead on measuring and monitoring fraud, bribery and corruption activity across local government.



Acknowledgements

CIPFA would like to thank all the organisations that completed the survey along with those that helped by supporting, contributing insights and best practices, including:

- Local Government Association
- Home Office
- The Fighting Fraud and Corruption Locally board

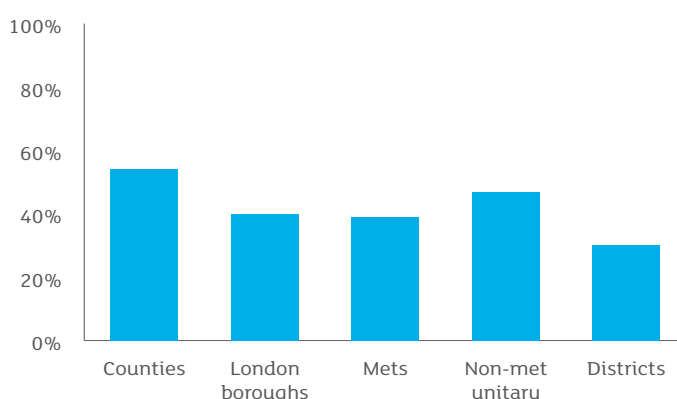
Introduction

CIPFA recognises that each pound lost to fraud represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them. According to the Annual Fraud Indicator 2017, which provides the latest set of government sanctioned estimates, fraud costs the public sector at least £40.3bn annually, £7.8bn of which is specifically in local government.

Fraud is a widespread cause of concern in the public sector and remains a constant financial threat to local authorities. This is an ongoing issue in the sector and partners such as the Local Government Association (LGA), the National Audit Office and the Home Office actively work towards new ways of finding solutions to the challenges unique to government.

CIPFA conducted its fifth annual CFaCT survey in May 2019, with the aim of creating a national picture of the types of fraud and amount prevented or detected in local authorities. The results were received from local authorities in all UK regions, allowing CIPFA to estimate the total figures for fraud across England, Scotland, Wales and Northern Ireland.

Response rate



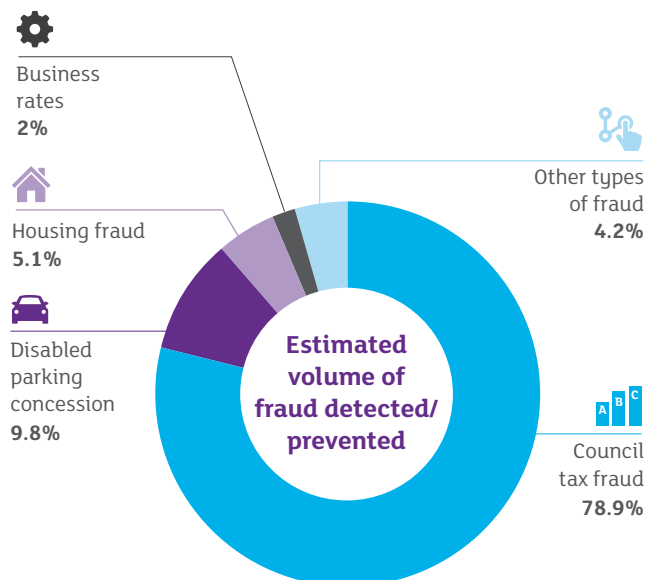
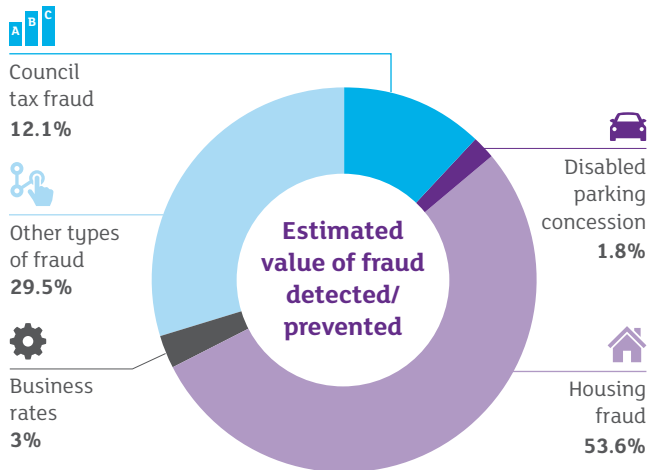
This report highlights the following:

- the types of fraud identified in the 2018/19 CFaCT survey
- the monetary cost of fraud in 2018/19
- the impact of counter fraud and prevention activities to improve the public sector budget
- the emerging risks and threats impacting the fraud and corruption landscape.



Executive summary

For local authorities in the UK, CIPFA has estimated that the total value of fraud detected or prevented in 2018/19 is approximately £253m, averaging roughly £3,600 per fraud case. In 2017/18 there was an estimated value of £302m with a similar average of £3,600 per case detected or prevented.



The decrease in the total value can be largely attributed to the successful work by public authorities in housing, which has seen a year-on-year reduction in the total number of unlawfully sublet properties and false right to buy applications.

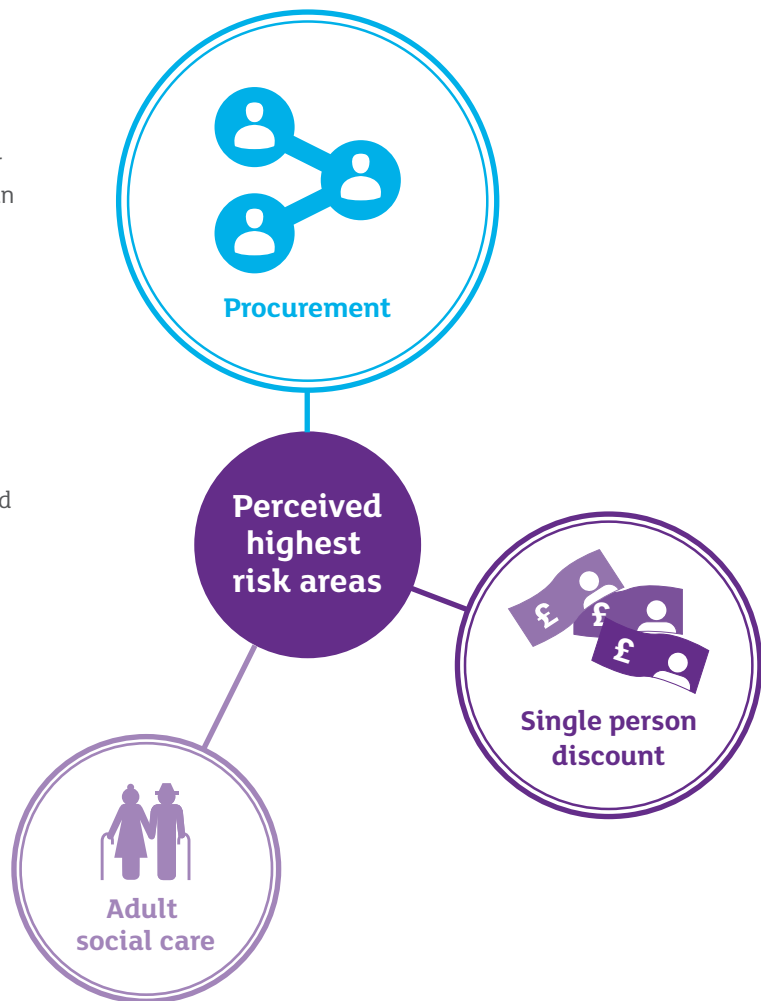
Improvements in the review of allocations and applications by many local authorities have limited the risk of new fraud cases and strengthened overall degrees of prevention. Together with low rates of tenancy turnover associated with the current social housing stock, this prevention strategy has been highly effective.

Councils reported that approximately 71,000 instances of fraud had been detected or prevented in 2018/19, which is lower than the approximate 80,000 reported by CIPFA in 2017/18. Council tax fraud represents 78% of these identified instances of fraud with an estimated value of £30.6m followed by disabled parking concession (Blue Badge scheme) and housing frauds representing 10% and 5% of the total cases of UK public sector fraud, respectively.

The area that has grown the most in the last year is council tax single person discount (SPD) with an estimated increase of £3.6m since 2017/18.

The three highest perceived fraud risk areas for 2018/19 remain unchanged from the previous iteration of this survey: procurement, council tax SPD and adult social care respectively.

Survey results show that nationally, the primary perceived issue that respondents think needs to be addressed to effectively tackle the risk of fraud and corruption is capacity – ie sufficient counter fraud resource. Better data sharing and effective fraud risk management follow as secondary and tertiary areas for improvement. Results from respondents have shown that they expect to increase the number of counter fraud specialist staff by 9% over the next year, a continuation of an upward trend for employing counter fraud specialists in councils.



In the last year, the value of fraud detected and prevented by local authorities in the UK was

£253m



Major fraud areas

For 2018/19, the CFaCT survey has shown that the four main areas of fraud (by volume) that local authorities are tackling are:

- council tax
- disabled parking (Blue Badge)
- housing
- business rates.



Council tax

Council tax has continued to be the largest area of identified fraud over the last three years and is the top fraud risk for districts and unitaries, 43% and 26%, respectively. Although the volume is significantly higher when compared to other fraud risk areas, council tax does not represent the highest cumulative value amongst all surveyed types of fraud, estimated to total £30.6m. This high volume/low value continues to be a leading trend each year.

Table 1: Estimated council tax fraud

	2016/17		2017/18		2018/19	
	Volume	Value	Volume	Value	Volume	Value
SPD	50,136	£19.5m	46,278	£15.8m	44,051	£19.4m
CTR	6,326	£4.8m	8,759	£6.1m	8,973	£7.2m
Other	674	£1.1m	2,857	£4.5m	2,831	£4.0m
Total	57,136	£25.5m	57,894	£26.3m	55,855	£30.6m

The total number of detected and prevented fraud cases for council tax fell in 2018/19 after rising in previous years. However, the average values of frauds, especially for SPD, has risen resulting in an increase in the total value.

55,855

instances of council tax fraud amounted to



£30.6m

in the last year



Disabled parking (Blue Badge)

The survey has identified misuse of the Blue Badge scheme as one of the fraud risk areas that is increasing steadily. Although the number of cases has nearly halved since last year, the national estimated average value per case has increased from £499 to £657 in 2018/19. Although this value does not include cases with a normal cancellation upon death of the individual, the increase is likely to continue with new criteria in guidance released by the Department for Transport and Ministry of Housing, Communities & Local Government (MHCLG).

This guidance states that the Blue Badge scheme now extends to individuals with less 'visible' disabilities, such as dementia or anxiety disorder – one of the biggest changes to the scheme in nearly 50 years. These extended criteria came into effect in August 2019 and coincide with the launch of a new task force to aid local authorities in the prevention and detection of Blue Badge fraud.¹

This indicates that although procurement, council tax SPD and adult social care are identified nationally as the three main fraud risk areas,

Blue Badge fraud is an area of increasing risk and prominence.

Due to the varying nature of cases and local authorities' individual calculation methods, at present there is no standard means of calculating the value of Blue Badge fraud. It is challenging to directly compare the value of fraud cases detected/prevented across all UK authorities.

For example, Greater London authorities place a higher value against the fraud loss in comparison to other local authorities, with an average value of £3,340 per case compared to counties who had an average of £260 per fraud case; this is partially due parking fees being much higher in Greater London.



Fraud from the misuse of the Blue Badge scheme is a fraud area that is steadily increasing.



The average case of Blue Badge fraud has increased from **£499** to **£657**



¹ www.gov.uk/government/news/review-of-blue-badge-fraud-as-scheme-is-extended-to-those-with-hidden-disabilities



Housing and tenancy fraud

In relation to housing fraud, councils record the income lost using different valuations that can range from a notional cost of replacing a property to the average cost for keeping a family in bed and breakfast accommodation for a year. These different approaches make it challenging to formulate clear comparisons. On a national scale, the value of fraud detected or prevented is considered in the two following ways:

- if the cases were pertaining to new-build accommodation
- if the cases were pertaining to temporary accommodation.

Table 2: Estimated housing fraud

Type of fraud	2016/17	2017/18	2018/19
	Volume	Volume	Volume
Right to buy	1,284	1,518	652
Illegal sublet	1,829	1,051	826
Other*	2,825	2,164	2,154
Total	5,938	4,733	3,632

*Other includes tenancy frauds that are neither right to buy nor illegal sublet, and may include succession and false applications.

3,632

instances of housing fraud occurred in the UK last year



In cases regarding new-build accommodations an average of £150k per fraud case is applied, compared to £18k for cases regarding temporary accommodations. This can be further explored by examining the comparison by tier (see Table 2).

There has been a steady downward trend in the number of housing and tenancy related frauds detected/prevented, decreasing by roughly 20% year-on-year. This trend likely indicates successful efforts by local authorities to tackle housing fraud and remove illegally sublet properties from the system.



Business rates

Business rate fraud represents 2% of the total estimated number of fraud cases detected or prevented in 2018/19. This represents a marginal increase from the previous year's figure of 1.7% and is reflected in the fact that councils reported it as the fifth highest fraud risk area on a national scale and third highest specific to districts.

Examples of business rates fraud include fraudulent applications for exemptions, tax

relief and the failure to list properties as being a business address. It often takes a visit from someone in the fraud team to discover the truth.

Even with the increased percentage overall, the estimated loss decreased to £8m from £10m the previous year.

Business rate fraud represents



2%

of all detected and prevented cases of fraud in the UK

Other types of fraud

This section of the report examines survey responses related to other notable types of fraud that did not emerge as major types of fraud within the national picture. This section includes the following fraud types, among others²:

- adult social care
- insurance
- procurement
- no recourse to public funds/welfare assistance
- economic and voluntary sector support and debt
- payroll, recruitment, expenses and pension
- mandate fraud and manipulation of data.



Adult social care

Table 3: Estimated adult social care fraud

Type of fraud	2016/17		2017/18		2018/19	
	Volume	Value	Volume	Value	Volume	Value
Personal budget	264	£2.7m	334	£3.2m	234	£9.6m*
Other	182	£2.8m	403	£3.5m	246	£4.1m
Total	446	£5.5m	737	£6.7m	480	£13.7m*
Average value per fraud		£12k		£9k		£29k*

*Please note that this figure is inflated by a small number of authorities and though it is not comparable, it shows the scope of fraud possible in this area.

In 2018/19, there was a reversal of the trend of a steady decline in the average value per fraud of adult social care. In 2018/19 the average value of personal budget fraud increased, primarily as a result of a small number of very high value frauds identified in two councils. Excluding these cases, the decline in the value and volume of personal budget frauds continued. Other fraud also showed a decline in numbers of cases identified but the average value increased.

² An explanation of each fraud can be found in the Glossary on page 23.



Insurance fraud

This year's survey reports an estimated number of 318 insurance fraud cases, valued cumulatively at £12.6m. In comparison to the previous year, both the estimated volume and value of insurance fraud cases in the UK more than doubled.

Respondents who identified insurance fraud also reported two confirmed insider fraud cases with a combined value of £43k.

Local authority insurance fraud cases included in this survey are a mixture of both one-off,

high-value employer liability claims (such as injury at work) and frequent, low-value public liability claims (such as 'slips and trips' or property damage).

Through pro-active risk management, many risks faced by councils are being effectively identified, treated and managed. In turn, these actions have led to more effective controls and better review and management of red flags against high risk claims, contributing to higher levels of fraud prevention or detection.



Procurement fraud

For the third year in a row, procurement fraud is seen as the highest fraud risk area. Services are constantly being procured by councils and fraud can take place at any point in the supply chain, making it difficult to both detect and measure especially once a contract has been awarded. Councils also undertake large value infrastructure and regeneration projects, usually subjected to outsourcing. As councils are responsible for the funding of these large projects, when procurement fraud does occur the sums can be significant.

This year, there was an estimated number of 125 prevented or detected procurement frauds with 12% of cases reported being insider fraud and 5% classified as serious and organised crime. This is a continued decline from 142 estimated fraudulent cases with a value of £5.2m in 2017/18 and 197 cases with a value of £6.2m in 2016/17.

Table 4: Estimated procurement fraud

2016/17		2017/18		2018/19	
Volume	Value	Volume	Value	Volume	Value
197	£6.2m	142	£5.2m	125	£20.3m*

*Please note this figure is attributable to mainly one organisation and though it is not comparable to other respondents, it shows the scope for fraud in this area.

This year, there was an estimated number of

125

prevented or detected procurement frauds.

Over the past 12 months MHCLG has been leading a review into the risks of fraud and corruption in local government procurement as committed to in the UK Government's Anti-Corruption Strategy 2017-2022.



Welfare assistance and no recourse to public funds

In 2018/19, the estimated number of fraud cases related to welfare assistance dropped significantly to 24. In 2017/18 and 2016/17 there were an estimated 109 and 74 cases, respectively. The scope for the volume of cases authorities can receive in this area was demonstrated last year where the average number of cases per authority was over three times the level identified in 2018/19.

2018/19 saw the number of no recourse to public funding cases fall to an estimated 148, down from an estimated 334 cases in the previous year. This decline can possibly be attributed to fewer respondents detecting/preventing fraudulent activity in this area.



Economic and voluntary sector (grant fraud) and debt

The number of grant fraud cases reported by local authorities responding to the survey has reduced to six cases with an average value per fraud loss of approximately £4,000. In the 2016/17 survey, there were 17 actual cases of grant fraud reported, which increased in 2017/18 to 24 cases with an average estimated loss of £14,000 per case.

The number of debt cases reported has increased to 53, and is valued at over £495,000 this year, compared to 38 reported cases in 2017/18 valued at over £150,000. This year, both the number and value of debt fraud cases increased, despite a decline in the survey's response rate. This might indicate that debt fraud likely has a higher scope for fraudulent activity than previously expected.



The number of grant fund fraud cases reported by local authorities has gone down to six.





Payroll, expenses, recruitment and pension

The total value of the fraud loss for these four areas in 2018/19 was an estimated £9.42m. This figure was inflated by one incident of payroll fraud that was prevented by an authority and though it is not comparable on a national basis, it reflects the scope of fraud for this area.

Measuring the cost of these frauds can be quite difficult as they carry implications that include reputational damage, the costs of further recruitment and investigations into the motives behind the fraud. This could indicate that some organisations are less likely to investigate or report investigations in these areas.

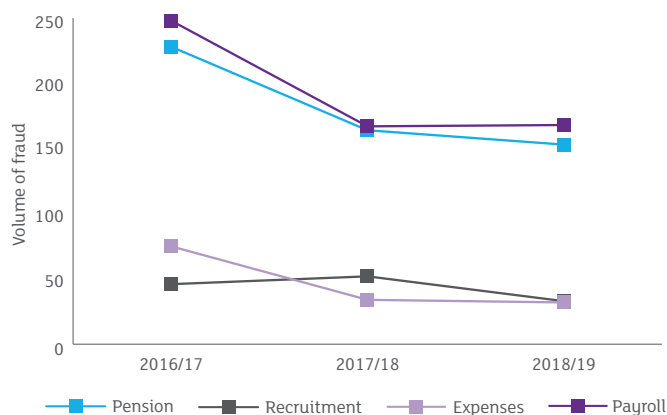
Payroll has had the highest volume and value of fraud out of these four areas (payroll, expenses, recruitment and pension) for every year since 2016/17. Recruitment fraud has the second highest with an estimated average per case of £11,381.

Table 5: Estimated payroll, expenses, recruitment and pension fraud

	2016/17		2017/18		2018/19	
Type	Volume	Value	Volume	Value	Volume	Value
Payroll	248	£1.0m	167	£1.01m	168	£8.77m*
Expenses	75	£0.1m	34	£0.03m	32	£0.04m
Recruitment	46	£0.2m	52	£0.49m	33	£0.38m
Pension	228	£0.8m	164	£0.57m	153	£0.23m
Total	597	£2.1m	417	£2.1m	386	£9.42m*

*Please note this figure is attributable to mainly one organisation and though it is not comparable to other respondents, it shows the scope for fraud in this area.

Changes in fraud volume



Manipulation of data (financial or non-financial) and mandate fraud

CIPFA estimates that across the UK in 2018/19 there were 34 cases of manipulation of data fraud, which is an increase from the estimated cases in 2017/18 following a dip compared to the year before that.

There were 322 estimated cases of mandate fraud in 2018/19 compared to 257 estimated cases detected or prevented in 2017/18.

Serious and organised crime

Organised crime often involves complicated and large-scale fraudulent activities which cross more than one boundary, such as payroll, mandate fraud, insurance claims, business rates and procurement. These activities demand considerable resources to investigate and require organisations to co-operate in order to successfully bring criminals to justice.

The 2018/19 survey identified 24 cases of serious and organised crime, a decrease from the 56 in 2017/18 which had doubled from the year before that. All of this year's cases come from metropolitan, districts, London boroughs and counties. This may indicate that larger and more complex authorities bear a greater risk of being targeted by serious and organised crime. The responses show that councils share a significant amount of data both internally and externally,

with 72% sharing data with the Cabinet Office/ National Fraud Initiative, 52% sharing data with the police and 49% sharing data with their peers (other councils).

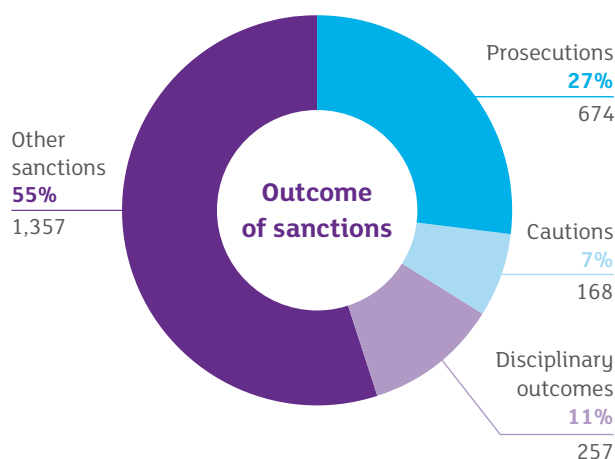
Of the organisations that responded, 35% identified serious and organised crime within their organisation's risk register.



Sanctions

The following shows some of the key findings from sanctions that are being used in CFaCT 2018/19:

- 674 prosecutions were completed in 2018/19. Of these 17 involved insider fraud and 14 of those insider fraud cases were found guilty.
- The number of cautions increased from 9% in 2016/17 to 13% in 2017/18 but reduced to 7% in 2018/19.
- The percentage of other sanctions dropped from 53% in 2016/17 to 46% in 2017/18 but increased to 55% in 2018/19.



Cyber fraud

Results from the CFaCT survey show that 74% of respondents last underwent a cyber/e-fraud risk assessment during or after 2018/19 and 78% state that the IT team/senior information risk owner is responsible for the management of cyber risk in their organisation.

Twenty seven percent of respondents stated that their organisation had been a victim of hacking/distributed denial of service attacks in the last month.

In response to the threat of cybercrime against local government, the LGA has set up a Cyber Security Programme and a stakeholder group, working to address the issues.

The LGA's Cyber Security Programme received three years of funding from the National Cyber Security Programme (NCSP) in 2018 to help councils remain safe from cyber attacks and put appropriate arrangements in place to deal effectively with a cyber incident should it occur, ie both prevention and response.

Whistleblowing

This year, 67% of respondents said they annually reviewed their whistleblowing arrangements in line with BS PAS 1998:2008 Whistleblowing Arrangements Code of Practice. Councils also named other codes of practices with which they are aligning.

Of those questioned, 86% confirmed that staff and the public had access to a helpdesk and 70% said that the helpline conformed to the BS PAS1998:2008.

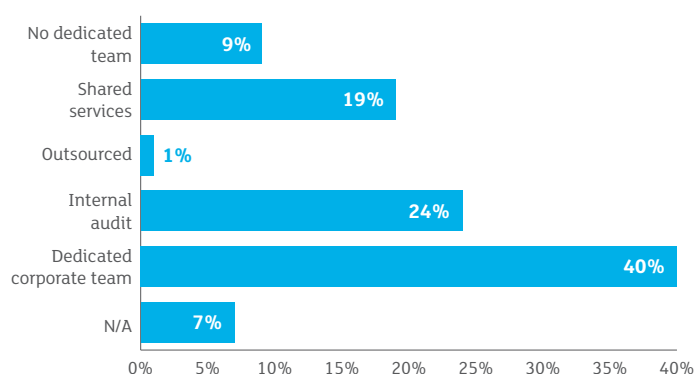
Respondents reported a total of 755 whistleblowing cases logged, made in line with

BS PAS 1998:2008, representing disclosures in all areas – not just with regard to suspected fraudulent behaviour. This is an average of six cases logged per authority, double last year's average of three per authority. Responses showed that the majority of cases were logged by London councils and metropolitan districts.

Counter fraud structure

Fraud teams across local government continue to detect and prevent a significant amount of fraud, although counter fraud resource is the main perceived issue that need to be addressed to tackle fraud. Councils are responding to this perceived need and expect the number of counter fraud specialist staff to grow by around 9% in the next year, followed by a small increase in 2021.

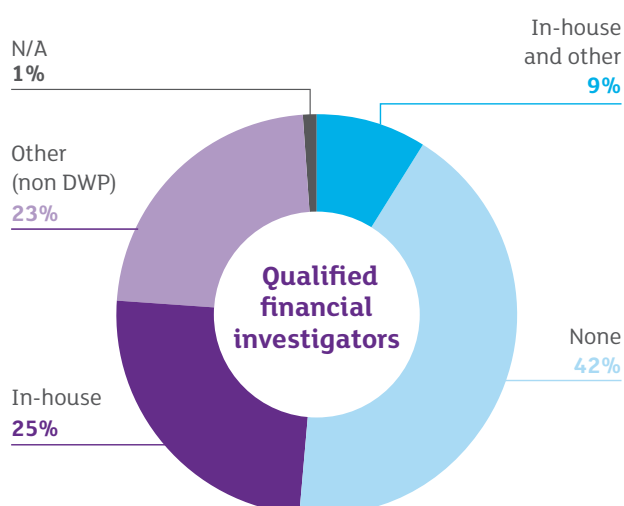
Counter fraud structure breakdown



Adopting a shared services structure is increasingly popular and this year it was reported that 19% of respondents have such a structure compared to 14% last year. Some smaller authorities have likely adopted this approach for its associated resiliency and cost efficiency.

There has been a decrease in authorities that have a dedicated counter fraud team – from 51% in 2017/18 to 40% in 2018/19. However, it is worth noting there may be a potential bias in this figure as those who have a dedicated counter fraud team are more likely and able to return data for the CFaCT survey.

The number of available in-house qualified financial investigators has increased from 31% in 2017/18 to 44% in 2018/19. In addition, the percentage of authorities that have a non-Department of Work and Pensions (DWP) qualified financial investigator increased from 23% in 2017/18 to 25% in 2018/19. However, the number of authorities that don't have a qualified financial investigator available to their organisation has increased from 41% last year to 43%.



Joint working/data sharing

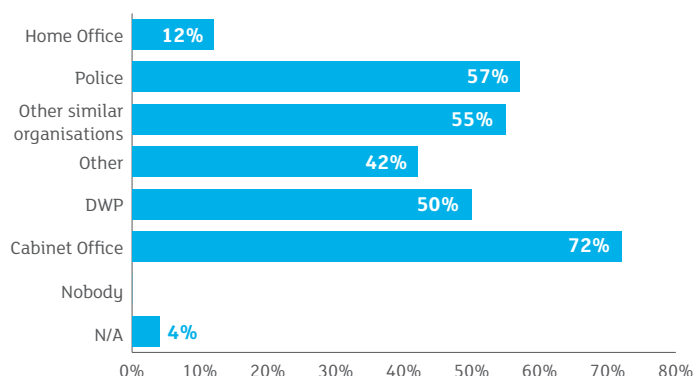
Eighty-nine percent of survey respondents have stated that they share data internally, mainly with housing, council tax and revenue/benefits departments.

Ninety-six percent of local authorities share data externally which is an increase of 2% from 2017/18. This data is mainly shared with Cabinet Office/National Fraud Initiative (72%), police (57%), other authorities/similar organisations (55%) and the DWP (50%).

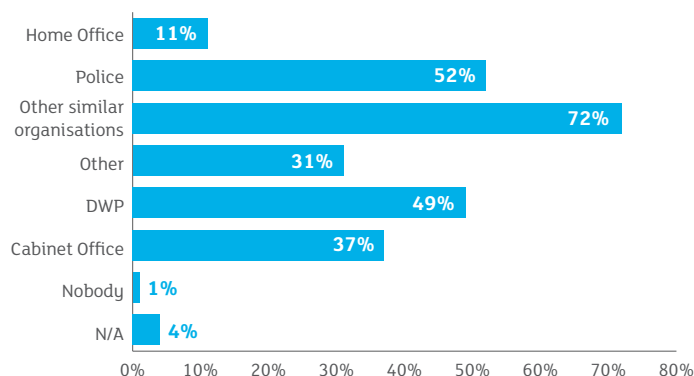
The sort of data that is shared relates to persons of interest, areas of interest and emerging frauds. Some authorities also highlighted that the kind of data they share is for data-matching purposes.

Of the CFaCT respondents, 72% say they work jointly with other similar organisations/peers, 52% work with the police and 49% with the DWP. Further breakdown is shown in the following chart.

Share/exchange data with:

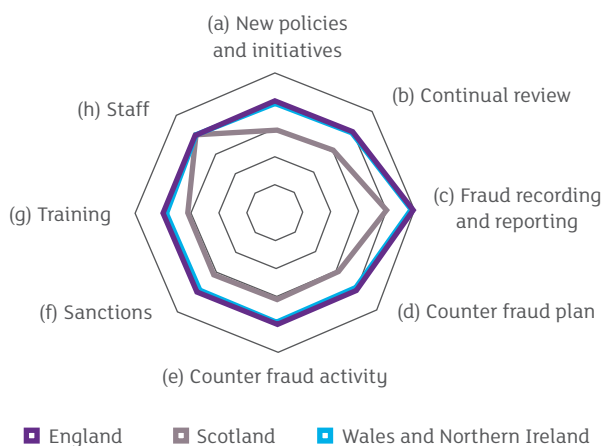


Work jointly with:



Fighting Fraud and Corruption Locally

The Fighting Fraud and Corruption Locally (FFCL) Strategy 2016-2019 was developed by local authorities and counter fraud experts and is currently being reviewed. It is the definitive guide for local authority leaders, chief executives, finance directors and all those with governance responsibilities.



This strategy is available for councils to use freely, so that everyone can benefit from shared good practice, and is aimed at local authority leaders. It provides advice on how to lead and communicate counter fraud and corruption activity for the greatest impact, as well as covering resource management and investment in counter fraud operations.

To measure the effectiveness of its 2016-2019 strategy, the FFCL board includes questions in the CFaCT survey. The questions ask respondents whether they agree or disagree that their organisation is carrying out certain actions, based on FFCL recommendations. The diagram to the left illustrates the results; lines closest to the outside edge indicate strong agreement while those towards the centre indicate disagreement.



The FFCL strategy is the definitive guide for local authority leaders. Everyone can benefit from good practice.



Recommendations

CIPFA recommends

- **The cumulative value of fraud prevented/detected by local authorities has declined year-on-year.** Public sector organisations must remain vigilant and determined in identifying and preventing fraud throughout their procurement processes.
- **This year's findings show that shared services counter fraud structures are becoming more popular amongst authorities.** Effective practices for detecting and preventing fraud should be shared and adopted across the sector. Fraud prevention should be embedded in 'business as usual' across an entire organisation to improve the effectiveness of preventative measures.
- **Although the number of qualified investigators has increased over the past year, the survey shows a decline in the number of authorities with a dedicated counter fraud team.** All staff, across all public sector work functions, should receive fraud awareness training in order to better identify fraud risks, fraud attempts and implement effective controls.
- **According to respondents, a lack of adequate counter fraud resources is the main perceived issue that needs to be addressed to effectively tackle fraud.** All organisations should ensure that they have strong counter fraud leadership at the heart of senior decision-making teams. Fraud teams and practitioners should be supported in presenting business cases to resource their work effectively.
- **The survey shows that the overwhelming majority of authorities share data externally, however vast discrepancies exist among the organisations that receive that shared data.** Public sector organisations should continue to maximise opportunities to share data and to explore innovative use of data, including sharing with law enforcement bodies and third party experts.
- **In the past year, 89% of local authorities shared fraud-related data internally.** Where counter fraud functions are decentralised within an authority, counter fraud leads should ensure effective inter-departmental collaboration (ie between housing, IT (cyber security), revenues, etc). For some authorities, necessary collaboration could be achieved through the formation of a counter-fraud working group.
- **In-line with the FFCL Strategy 2016-2019,** the importance of the fraud team's work should be built into both internal and external communication plans. Publicly highlighting a zero tolerance approach can work to improve the reputation and budget position of authorities.



The importance of the fraud team's work should be built into both internal and external communications plans.



Appendix 1: Fraud types and estimated value/volume

The table below shows the types of frauds reported in the survey and the estimated volume and value during 2018/19.

Types of fraud	Fraud cases	% of the total	Value	% of the total value	Average
Council tax	55,855	78.9%	£30.6m	12.1%	£548
Disabled parking concession	6,951	9.8%	£4.6m	1.1%	£657
Housing	3,632	5.1%	£135.6m	53.6%	£37,332
Business rates	1,404	2.0%	£7.7m	3.0%	£5,455
Other fraud	616	0.9%	£6.0m	2.4%	£9,779
Adult social care	480	0.7%	£13.7m*	5.4%*	£28,534*
Schools frauds (excl. transport)	391	0.6%	£0.7m	0.3%	£1,893
Mandate fraud	322	0.5%	£4.7m	1.8%	£14,506
Insurance claims	318	0.5%	£12.6m	5.0%	£39,636
Payroll	168	0.2%	£8.8m*	3.5%*	£52,270*
Pensions	153	0.2%	£0.2m	0.1%	£1,498
No recourse to public funds	148	0.2%	£1.4m	0.6%	£9,483
Procurement	125	0.2%	£20.3m*	8.0%*	£161,565*
Debt	77	0.1%	£0.6m	0.2%	£7,278
Manipulation of data	34	0.1%	na	na	na
Recruitment	33	0.1%	£0.4m	0.2%	£11,381
Expenses	32	0.1%	£0.0m	0.0%	£1,124
School transport	31	0.0%	£4.8m	1.9%	£154,601
Welfare Assistance	24	0.0%	£0.0m	0.0%	£1,824
Children social care	19	0.0%	£0.4m	0.2%	£22,076
Economic and voluntary sector support	14	0.0%	£0.1m	0.0%	£4,005
Investments	2	0.0%	na*	na*	na*

*The figures for investments are not available as only one response was received and thus the amount is not representative of the national average. The other figures in this table are affected by a small number of councils that had high value frauds not indicative of the national average.

Appendix 2: Methodology

This year's results are based on responses from 142 local authorities. An estimated total volume and value of fraud has been calculated for all local authorities in England, Wales, Scotland and Northern Ireland. Missing values are calculated according to the size of the authority and for each type of fraud an appropriate universal measure of size has been selected, such as local authority housing stock for housing frauds.

From the responses, the number of cases per each unit of measurement is calculated and used to estimate the missing values. Then, for each missing authority, the estimated number of cases is multiplied by the average value per case provided by respondents to give an estimated total value. As an illustration, if the number of housing

frauds per house is 0.01 and a missing authority has 1,000 houses in its housing stock, we estimate the number of frauds as 10. If the average value per case is £100,000 then the total estimated value of fraud for that authority is £1m.

Appendix 3: Glossary

Definitions below are taken from CIPFA's CFaCT survey, the Annual Fraud Indicator and other government sources.

Adult social care fraud:

Adult social care fraud can happen in a number of ways but the increase in personal budgets gives a greater opportunity for misuse.

Investigations cover cases where:

- direct payments were not being used to pay for the care of the vulnerable adult
- care workers were claiming money for time they had not worked or were spending the allocated budget inappropriately.

Blue Badge:

The Blue Badge is a Europe-wide scheme allowing holders of the permit to parking concessions which are locally administered and are issued to

those with disabilities so they can park nearer to their destination.

At present, a badge issued to a deceased person is classified as fraudulent, even if it is not being used for fraudulent purposes.

Business rates fraud:

Business rates fraud is not a transparent landscape for the fraud investigator, with legislation making it difficult to separate evasion and avoidance. Business rate fraud may include the fraudulent applications for exemptions and reliefs and unlisted properties, and fraud staff may be used to visit properties in question.

Cautions:

Cautions relate to a verbal warning given in circumstances where there is enough evidence to prosecute, but it is felt that it is not in the public interest to do so in that instance.

Council tax fraud:

Council tax is the tax levied on domestic properties and collected by district and unitary authorities in England and Wales and levying authorities in Scotland.

Council tax fraud is split into three sections:

- Council tax single person discount – where the council tax payer claims for occupiers who don't exist they are the only occupant eligible to pay.
- Council tax reduction support – where the council tax payer fails to declare their income correctly.
- Other types of council tax fraud – eg claims for exemptions or discounts to which the council tax payer has no entitlement.

Debt fraud:

Debt fraud includes fraudulently avoiding a payment of debt to an organisation, excluding council tax discount.

Disciplinary outcomes:

Disciplinary outcomes relate to the number of instances where as a result of an investigation by a fraud team, disciplinary action is undertaken, or where a subject resigns during the disciplinary process.

Economic and voluntary sector (grant fraud):

This type of fraud relates to the false application or payment of grants or financial support to any person and any type of agency or organisation.

Housing fraud:

Fraud within housing takes a number of forms, including sub-letting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home abandonment, and right to buy.

Insurance fraud:

Insurance fraud includes any insurance claim that is proved to be false, made against the organisation or the organisation's insurers.

Mandate fraud:

Action Fraud defines mandate fraud as "when someone gets you to change a direct debit, standing order or bank transfer mandate, by purporting to be an organisation you make regular payments to, for example a subscription or membership organisation or your business supplier".

Manipulation of data fraud:

The majority of manipulation of data frauds relate to employees changing data in order to indicate better performance than actually occurred and staff removing data from the organisation. It also includes individuals using their position to change and manipulate data fraudulently or in assisting or providing access to a family member or friend.

No recourse to public funds:

No recourse to public funds prevents any person with that restriction from accessing certain public funds. A person who claims public funds despite such a condition is committing a criminal offence.

Organised crime:

The widely used definition of organised crime is one planned, co-ordinated and conducted by people working together on a continuing basis. Their motivation is often, but not always, financial gain.

Payroll fraud:

Payroll fraud covers a wide range of areas such as ghost employees on the payroll, diversion of payments into fraudulent accounts, employees set up to receive higher salaries than they are entitled to by either grade or hours worked and false overtime claims.

Procurement fraud:

The procurement of goods and services often accounts for a significant proportion of an organisation's expenditure and is open to a wide range of potential fraud risks. This is because there are usually multiple individuals involved in a process who often do not work closely together: ie the person who wants something purchased does not always work directly with the people who initiate orders and with those responsible for paying.

This includes any fraud associated with the false procurement of goods and services for an organisation by an internal or external person(s) or organisations in the 'purchase to pay' or post contract procedure, including contract monitoring.

Recruitment fraud:

Recruitment fraud includes applicants providing false CVs, job histories, qualifications, references, immigration status (ie the right to work in the UK) or the use of a false identity to hide criminal convictions or immigration status.

Right to buy:

Right to buy is the scheme that allows tenants that have lived in their properties for a qualifying period the right to purchase the property at a discount. Fraud is committed when an applicant has made false representations regarding the qualifying criteria, such as being resident in the property they are purchasing for a 12 month continuous period prior to application.

Welfare assistance:

Organisations have a limited amount of money available for welfare assistance claims so the criteria for applications are becoming increasingly stringent. Awards are discretionary and may come as either a crisis payment or some form of support payment.

Whistleblowing:

Effective whistleblowing allows staff or the public to raise concerns about a crime, criminal offence, miscarriage of justice or dangers to health and safety in a structured and defined way. It can enable teams to uncover significant frauds that may otherwise have gone undiscovered. Organisations should therefore ensure that whistleblowing processes are reviewed regularly.



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Appendix B: Counter Fraud and Corruption Strategy Action Plan

Ongoing Activity:

Ref	Action Required	Responsibility	Update	Status
1	Prepare a counter fraud strategy which acknowledges fraud risks facing the council and sets overall counter fraud aims. The strategy should link together existing counter fraud related policies and set out actions required for developing counter fraud arrangements.	Chief Finance Officer / Veritau	The strategy, which was first introduced in 2017, is expected to be updated in 2020 when the Fighting Fraud and Corruption Locally board issues a revised counter fraud strategy for local government.	Annual Review
2	Prepare an updated counter fraud policy to take account of the latest national guidance, and reflecting changes to the councils counter fraud arrangements.	Chief Finance Officer / Veritau	<p>An updated policy was presented to the Audit Committee in January 2017 for comment. The policy was subsequently approved by the Executive in April 2017.</p> <p>The policy has been reviewed as part of this report - no updates are required at this time.</p>	Annual Review
3	Undertake a counter fraud risk assessment.	Chief Finance Officer / Veritau	A risk assessment was first undertaken in September 2016. The risk assessment is updated on an annual basis, see appendix C for 2020 update.	Annual Review

Ref	Action Required	Responsibility	Update	Status
4	Participate in regional & local data matching and counter fraud exercises.	Veritau	<p>Data matching exercises are undertaken on a rolling basis. The counter fraud team routinely work on data matching projects to increase the identification of any fraud committed against the council.</p> <p>See One Off and Developmental Activity, reference #4, for current activity in this area.</p>	Ongoing
5	Undertake specific fraud awareness training for priority service areas identified through the fraud risk assessment.	Veritau	Training is delivered on a rolling basis depending on priorities and emerging fraud risks. Fraud awareness training has been delivered to the housing department this year.	Ongoing
6	Review privacy notices to ensure they make clear that data will be shared for the purpose of preventing and detecting fraud.	Veritau / Service departments	Privacy notices are reviewed ahead of providing data to the Cabinet Office as part of the National Fraud Initiative (NFI) which occurs every two years.	Ongoing
7	Raise awareness of cyber security issues and promote good practice.	Veritau	<p>Veritau will monitor guidance from the National Cyber Security Centre and share with members of staff where appropriate.</p> <p>A campaign to raise awareness of the signs and risks of cybercrime was delivered to staff in September 2019.</p>	Ongoing

One Off and Developmental Activity:

Ref	Action Required	Target Date	Responsibility	Notes
1	Incorporate general counter fraud awareness training into induction training for all new employees.	March 2020	Veritau	A fraud e-learning software provider has been identified and their product is currently under consideration.
2	Increase ability to detect procurement fraud.	September 2020	Corporate Director & s151 Officer / Veritau	The counter fraud team is exploring the use of the Competition and Markets Authority's cartel screening tool to detect fraud within council procurement exercises. Discussions have begun with the procurement team requesting data to begin testing of the tool.
3	Ensure that up to date policies are in place to enable the council to undertake covert surveillance under the Regulation of Investigatory Powers Act (RIPA) and employee monitoring outside of RIPA.	September 2020	Veritau / Legal Department	An update to the council's RIPA policy is required to incorporate the use of covert surveillance as well as reflecting new powers under the Investigatory Powers Act (IPA).
4	Explore and conduct data matching exercises.	January 2021	Veritau	The counter fraud team to undertake data matching exercises to identify council tax discount fraud alongside regional partners. In

Ref	Action Required	Target Date	Responsibility	Notes
				addition the team will look to utilise the council's own data internally to identify potential housing fraud.
5	Explore additional communication strategies to raise the profile of counter fraud and reporting methods.	January 2021	Veritau / Communication Team	The counter fraud team, working with the council's communication team, will consider council and other local publications to increase fraud awareness. The fraud hotline will also be promoted so residents know how and when to report suspected fraud.
6	Increase use of the National Anti-Fraud Network (NAFN) services across the council.	September 2021	Veritau	Veritau to promote use of NAFN services to help council departments identify fraud and recover losses.
7	Monitor and review upcoming changes to the council tax support (CTS) scheme.	April 2021	Veritau	The council's CTS scheme will change to a banded model in 2020/21. The counter fraud team will work with service departments to ensure that these changes do not negatively affect the council's ability to prevent, detect and investigate CTS fraud.

Completed Activities:

Ref	Action Required	Target Date	Responsibility	Update
1	Regularly report to the Audit and Governance Committee on counter fraud activity.	January 2017	Veritau	Regular reporting to the committee on fraud activity was introduced in 2017. Four progress reports and one annual policy review are produced for the committee annually.
2	Review wider governance and other policies (e.g. employee related policies, gifts, interests, financial regulations) to ensure they: <ul style="list-style-type: none"> cover all required areas (e.g. anti-bribery) are consistent with the counter fraud strategy and policy. 	March 2017	Veritau	Council policies are regularly reviewed in the course of Internal Audit work. Reviews to date have not highlighted any potential weaknesses.
3	Launch and promote regional fraud hotline.	September 2017	Veritau	A new 0800 regional fraud hotline number was introduced in 2017.
4	Review council recruitment processes.	September 2018	Veritau	A review of recruitment processes was completed in 2018/19 and found to be robust.
5	Improve prevention and detection strategies for Right to Buy Fraud	March 2020	Veritau / Service departments	Working with the housing and legal departments, the counter fraud team have helped to institute a new system of checks on

Ref	Action Required	Target Date	Responsibility	Update
				Right to Buy applications to help prevent fraud in this area.

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Report Reference Number: A/19/19

To: Audit and Governance Committee
Date: 29 January 2020
Author: Karen Iveson; Chief Finance Officer (s151)
Lead Executive Member: Cllr Cliff Lunn, Lead Member for Finance and Resources
Lead Officer: Karen Iveson; Chief Finance Officer (s151)

Title: Annual Governance Statement 2018/19 – Action Plan Review

Summary:

To review progress on the Annual Governance Statement (AGS) 2018/19 Action Plan approved in July 2019.

Recommendations:

It is recommended that progress against the Action Plan for the Annual Governance Statement for 2018/19 be noted.

Reasons for recommendation

To ensure the necessary actions have been carried out in accordance with the approved Annual Governance Statement and action plan.

1. Introduction and background

- 1.1** Good governance is important to all involved in local government; however, it is a key responsibility of the Leader of the Council and of the Chief Executive.
- 1.2** The preparation and publication of an annual governance statement in accordance with the CIPFA/SOLACE Framework was necessary to meet the statutory requirements set out in Regulation 4(2) of the Accounts and Audit Regulations which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices”.
- 1.3** To meet the requirement to review the AGS an Action Plan has been

agreed and is subject to half yearly review by the Audit and Governance Committee.

2. The Report

- 2.1** The present Action Plan for review is attached as Appendix A. Progress against the approved action plan has been made although there are some actions on-going which will be monitored by Leadership Team over the remaining months of the year in order to ensure actions are delivered to the agreed revised deadlines.

3. Alternative Options Considered

Not applicable.

4. Implications

4.1 Legal Implications

None as a direct result of this report.

4.2 Financial Implications

None as a direct result of this report.

4.3 Policy and Risk Implications

Significant control weaknesses present risk for the Council and therefore it is important that agreed actions are implemented.

4.4 Corporate Plan Implications

Ensuring an effective governance and control framework supports the Council in delivery of its 'great value' priority.

4.5 Resource Implications

Resources to deliver the agreed actions are within the approved budget and policy framework.

4.6 Other Implications

There are no other notable implications beyond those set out in the report and associated action plan.

4.7 Equalities Impact Assessment

Not applicable.

5. Conclusion

- 5.1** The AGS and scrutiny of the Action Plan represents progress towards setting the highest Corporate Governance standards and meets the requirements of the Accounts and Audit Regulations.

6. Background Documents

None.

7. Appendices

Appendix A – AGS 2018/19 Action Plan

Contact Officer:

Karen Iveson, Chief Finance Officer (and s151);
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01757 292056

Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
Review of Overview and Scrutiny arrangements	Corporate Peer Challenge Nov 2017	Training has been delivered to members of the Executive and Scrutiny Committees. This included a workshop style session with officers and members to identify areas for improvement and development.	Solicitor to the Council 31 March 2019	The review of Overview and Scrutiny arrangements has now been completed. There is the ongoing monitoring of training needs of all of the committees along with quarterly discussions and sharing of work programmes between the Scrutiny chairs and the Executive. As a result of the local election, the membership and chairs of the committees have changed and this has been reflected in the outlining of priorities and changes to the work programme for each committee. The Council continues to monitor its scrutiny arrangements to ensure they are effective.

Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
Information Governance and breaches in Data Protection are not adequately managed.	Internal Audit Report	Plans are now in place to: <ul style="list-style-type: none"> • Assign clear roles and responsibilities; • Approve and implement the necessary policies and procedures; • Deliver a targeted training programme; • Ensure adequate reporting arrangements; and • Consider appropriate disciplinary procedures for data breaches. 	(Chief Finance Officer (SIRO)) 30 June 2019 Amended deadline This action is now considered closed but GDPR action planning and monitoring will continue through the on-going work of the Corporate Information Governance Group and the Data Protection Officer.	An action plan is now in place to address the implications of the General Data Protection Regulation (GDPR) and the remaining actions resulting from previous Internal Audit reports. The GDPR action plan is now substantially complete but work remains ongoing with assistance from Veritau in the role as Data Protection Officer (DPO). An Information Security Sweep took place in September 2019 – with substantial assurance given. Further improvements in physical information security was observed with significantly less incidents, compared to the previous sweep in January 2019. The importance of data security continues to be raised with staff and instances which were identified have been followed up with those concerned.

Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
Non-compliance with the Payment Card Industry Data Security Standard (PCI DSS)	Internal Audit report	Agreed actions: <ul style="list-style-type: none"> • Management responsibility has been defined • The cardholder data environment will be mapped and documented • Policies and procedures will be developed in relation to PCI DSS • Dependencies on third parties will be explored and assessed • Responsibility for completing annual self-assessment questionnaires will be assigned 	Head of Business Development and Improvement 30 Sep 20 Amended deadline	Civica have bought Northgate PARIS – the Council's current payments and income management system – and will no longer commit to supporting the software. As a result, the Council is required to procure new software. The Council has now put the order in to purchase CivicaPay – a hosted solution that removes the software risks around compliance. Software to be implemented Q2 next year. Revised date of 30 Sep 20 (from Sept 19)

Issue Identified	Source of Evidence	Update/Summary of Action Taken & Proposed	By whom & By when	Current Position
Creditors	Identified by the service / Counter Fraud and Internal Audit reports.	A mandate fraud was experienced by the Council in the 2018-19 resulting in a payment being made to the wrong recipient.	Head of Operational Services 1 September 2019	Counter Fraud investigated the incident and Internal Audit have reviewed the procedures. Immediate action to reiterate the following of current procedures were agreed along and further actions to strengthen the process have been completed. The 2019/20 audit is currently in progress and any further update will be reported in due course.

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