

Audit and Governance Committee

6.30pm on Tuesday, 20th June 2017
in the Belle Vue Suite, Belle Vue Offices, Skipton

The Chairman (Councillor Harbron) and Councillors Barrett, Brockbank, Hull, Lis, Mercer, Place and Whitaker (one seat vacant). Independent Person Mr G Robinson.

AGENDA

Exclusion of the Public: In accordance with the Council's Access to Information Procedure Rules, Members are recommended to exclude the public from the meeting during consideration of **Items 10d, 11 and 12** on the grounds that it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in Paragraph 3 (relates to the financial or business affairs of any person including the Authority holding that information) of those Rules and Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

1. **Apologies for absence**
2. **Confirmation of Minutes** of meeting held on 14th March 2017. Note : A copy of the action check sheet for this meeting is also attached.
3. **Public Participation** – In the event that any questions/statements are received or members of the public attend, the public participation session will proceed for a period of up to fifteen minutes.
4. **Declarations of Interest** – All Members are invited to declare at this point any interests they have in items appearing on this agenda, including the nature of those interests.

(Note: Declarations should be in the form of:

a “***disclosable pecuniary interest***” under Appendix A to the Council's Code of Conduct, or “***other interests***” under Appendix B or under Paragraph 15 where a matter arises at the meeting which relates to a financial interest of a friend, relative or close associate.

A Member of Council who has a disclosable pecuniary interest must leave the room and not take part in the discussion or vote. When declaring interests under Appendix B or Paragraph 15 of the Code, Members must move to the public seating area, not vote, and speak only if members of the public are also allowed to speak at the meeting.)

<i>Note of Agenda Item No. and type of Interest to be Declared at this Meeting:</i>
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5. **Local Code of Governance Statement** – Report of the Strategic Manager Financial Services and Section 151 Officer. Attached.

Purpose of Item – To review and adopt an amended Local Code of Governance.

6. **Draft Annual Governance Statement 2016-17** – Report of the Strategic Manager Financial Services and Section 151 Officer. Attached.

Purpose of Item – To present the Draft Annual Governance Statement for 2016/17 for consideration and approval by Committee, and sign off by the Chair of the Audit Committee and the Chief Executive.

7. **Anti-Fraud and Corruption Policy and Strategy** – Report of the Strategic Manager Financial Services and Section 151 Officer. Attached.

Purpose of Item – To update Audit and Governance Committee on the Council's proposed Anti-Fraud and Corruption Policy Statement and the refreshed Anti-Fraud and Corruption Strategy.

8. **Member Ward Grants** – Report of the Chief Executive. Attached.

Purpose of Item – To report back to Members on which projects across Craven have been awarded Ward Member Grants and how the grants have been allocated across each Ward during 2016-17.

9. **Contract Procedure Rules : Exemptions Granted** – Report of the Strategic Manager Financial Services and Section 151 Officer. Attached.

Purpose of Item – To report on the exemptions granted from the Council's Contract Procedure Rules from February 2017 to June 2017.

10. **Internal Audit (a) Outstanding Internal Audit Recommendations** – Report of the Strategic Manager Financial Services and Section 151 Officer. Attached.

Purpose of Item – To update committee members on Priority 1 internal audit recommendations outstanding, all those completed in the period and provide a summary of the numbers of Priority 2 and Priority 3 recommendations which have not yet been cleared.

(b) Internal Audit Annual Report 2016-17 – Report of the Audit Services Manager. Attached.

Purpose of Item – To consider the key findings and conclusions from audit work undertaken in 2016/17 and to give an opinion on the overall adequacy and effectiveness of the Council's arrangements for risk management and governance and on its internal controls.

(c) Internal Audit Plan 2017-18 – Report of the Audit Services Manager. Attached.

Purpose of Item – To provide the Committee with details of all audit work undertaken since the beginning of the latest Shared Service Agreement to ascertain whether any additional work needs to be included in the 2017/18 Audit Plan.

\$(d) Internal Audit Reports – Reports of the Audit Services Manager. Attached.

- i. Licensing **Excluded**
- ii. Pool Income **Excluded**
- iii. National Fraud Initiative **Excluded**

Purpose of Item – To present internal audit reports, including any which have been assigned either partial, or no assurance level status.

\$11. Information Management and Governance Strategy Delivery Plan : Update – Report of the Director of Services. Attached. **Excluded**

Purpose of Item – To provide a progress update against the Council's Information Management and Governance Strategy Delivery Plan, and an annual report to this Committee.

\$12. Corporate Risk Register – Report of the Strategic Manager Financial Services and Section 151 Officer. Attached. **Excluded**

Purpose of Item – To update Audit and Governance Committee on the Council's risk register and update of the Council's Risk Management Strategy

13. Any other items which the Chairman decides are urgent in accordance with Section 100B(4) of the Local Government Act, 1972.

Agenda Contact Officer: Chris Waterhouse,
Tel. 01756 706235
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12th June 2017.

Emergency Evacuation Procedure

In case of an emergency or if the alarm sounds, leave the meeting room and leave the building using the nearest available door. The assembly point is in the main square at the front entrance. An officer will take a roll call at that point.

Members of the Council : Please do not leave without telling the Chairman or the Democratic Services Section's representative.

Recording at Council Meetings

Recording is allowed at Council, committee and sub-committee meetings which are open to the public, subject to

- (i) the recording being conducted with the full knowledge of the Chairman of the meeting; and
- (ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact the Agenda Contact Officer (details above) prior to the start of the meeting. Any recording must be conducted openly and not disrupt proceedings.

Committee Terms of Reference

(a) In relation to internal and external audit activities, to:

- draw together the key components of corporate governance in relation to audit; promoting internal control, focusing audit resources and monitoring the management and performance of the providers of Internal Audit Services;

- consider the Annual Report and Opinion from Internal Audit, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements;
- consider summaries of specific internal audit reports focusing on those areas that receive 'limited assurance';
- consider a report from Internal Audit on the implementation status of agreed recommendations;
- consider the External Auditor's Annual Letter, relevant reports, plans, and report to those charged with governance;
- consider specific reports as agreed with the External Auditor;
- comment on the scope and depth of External Audit work and to ensure it gives value for money;
- liaise with the Audit Commission over the appointment of the Council's External Auditor; and
- approve the annual work programmes for Internal and External Audit and, in exceptional cases, to have the ability to commission work directly from audit providers.

(b) In relation to the Council's regulatory framework, to:

- ensure the effective development and operation of corporate governance within the Council and to maintain the Council's Constitution : the Standards Committee to be consulted on the review of any codes and protocols that relate to the ethical framework;
- review issues referred to it by the Chief Executive, Director, Corporate Head or any Council body;
- approve the corporate risk management framework in accordance with the Risk Management Strategy and Policy Statement; and monitor the effective development and operation of the risk management process: make any necessary changes to the process, including any recommendations for changes to the Strategy and Policy Statement;
- monitor Council policies on 'Whistle-blowing' and the Anti-fraud and Anti-corruption strategy;
- monitor progress on implementation of Internal Audit recommendations;
- oversee the production of the authority's Statement on Internal Control and to recommend its adoption to the Policy Committee / Council;
- consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice; and
- consider the Council's compliance with its own and other published standards and controls.
- Monitor the use of the Regulation of Investigatory Powers Act 2000.

(c) In relation to the Council's Financial Statements / Accounts, to:

- review and approve the annual Statement of Accounts, including whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Policy Committee / Council
- consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

(d) Under Part 4 (Parishes), Chapter 3 (Reorganisation) of the Local Government and Public Health Act 2007 (and any amending legislation):

- to be responsible for conducting community governance reviews within the District.

AUDIT AND GOVERNANCE COMMITTEE

14th March 2017

Present – The Chairman (Councillor Harbron) and Councillors Barrett, Brockbank, Hull, Lis, Morrell, Place, Rose and Whitaker. Independent Person : Greg Robinson.

Officers – Chief Executive, Solicitor to the Council, Audit Services Manager and Committee Officer.

Start: 6.30pm
Mr Robinson arrived at 6.59pm

Finish: 7.54pm

The minutes of the Committee's meeting held on 24th January 2017 were confirmed and signed by the Chairman.

EXCLUSION OF THE PUBLIC

Resolved – That, in accordance with the Council's Access to Information Procedure Rules, the public is excluded from the meeting during consideration of Minutes AC.283(c) and 284, (marked \$) below on the grounds that it is not in the public interest to disclose the Category 3 exempt information (financial or business affairs of any particular person including the Council).

Minutes for Report

AC.281 **EXTERNAL AUDIT – AUDIT STRATEGY MEMORANDUM**

Nicola Hallas, Manager with the Council's external auditors, Mazars, submitted a copy of the Audit Strategy Memorandum for the financial year ending 31st March 2017 which summarised the approach Mazars would be taking in auditing the Council's 2016/17 financial statements. In planning the audit the following significant areas of risk in terms of possible material misstatement had been identified

- Management override of controls;
- Valuation of property, plant and equipment;
- Pension entries in respect of employee retirement benefits.

As in previous years the audit would also reach a conclusion on the Council's arrangements for securing value for money. The level of savings the Council needed to achieve over the period of its medium term financial plan had been identified as a value for money conclusion risk, the arrangements for securing the required savings would therefore be assessed. The fee for the audit would be £55,322, including £9,503 for the housing benefit subsidy certification work.

Ms Hallas also reminded the Committee that for 2017/18 and subsequent financial years the deadline for local authorities to produce their statement of accounts had been brought forward to 31st May, and the deadline for completion of the audit would be brought forward to 31st July.

Resolved – That the Audit Strategy Memorandum is received.

AC.282

CONTRACT PROCEDURE RULES - EXEMPTION

Further to Minute AC.262/16-17, at which details of an exemption to contract procedure rules granted in respect of the continued appointment of Health and Safety Advisory Services had been withdrawn from the exemptions report presented, to enable a more detailed explanation to be provided, the Strategic Manager for Financial Services submitted a report presenting that explanation. In summary the procurement of the service from another provider at that time would have been disruptive in that a number of health and safety reviews and training had been ongoing.

The Chief Executive indicated that an electronic health and safety system was currently being investigated which, if ultimately implemented, would reduce the cost of the contract. The Strategic Manager assured Members that the arrangements for delivery of the service were reviewed on an annual basis when preparing the annual budget.

Resolved – That the exemption granted from the Council's Contract Procedure Rules is noted.

AC.283

INTERNAL AUDIT

a. Recommendations : Implementation Monitoring

Further to Minute AC.270(a)/16-17, the Strategic Manager for Financial Services submitted a report updating the Committee on the position reached with implementation of Priority One internal audit recommendations where the original completion date was prior to March 2017. Details of all recommendations, thirteen in total, completed in the monitoring period were also reported.

During the course of the Committee's discussion Members expressed their ongoing disquiet at the time being taken to implement a priority one recommendation concerning Bereavement Services in respect of access levels to the payments system, and also stressed the need for officers to provide an indication of the expected completion date when the original implementation date was exceeded. The Strategic Manager indicated that the ongoing situation with regard to the outstanding recommendation in respect of Bereavement Services would be discussed with internal audit and the Service.

Resolved – That the position in respect of implementation of internal audit recommendations is noted, and that action taken in completing Priority One, Two and Three audit recommendations in the monitoring period is approved.

b. Draft Internal Audit Plan 2017/18

The Audit Services Manager submitted a report presenting the draft Internal Audit Plan which set out the areas, functions or activities to be audited in the 2017/18 financial year, together with an estimate as to the number of days for each audit. As in the last financial year, the Plan provided for 240 audit days, plus an additional 10 days, if required, for any ad hoc or unforeseen work, or for the provision of consultancy advice. The draft Plan had been developed in consultation with Corporate Leadership Team (CLT) and took into account risks of the Authority, corporate priorities and proposed audit areas as identified by the Institute of Internal Auditors.

The Audit Manager pointed out that 2017/18 would be the final year in the current three year agreement for the provision of the Council's internal audit service, and in presenting the draft plan withdrew inclusion of the Building Control Service, it having been the subject of an audit in past two year period. The proposed planning fees audit carried forward from the current year would commence on conclusion of the audit of the new planning system.

The Strategic Manager for Financial Service expressed the opinion that for the size of the Authority the number of audit days within the Plan could be viewed as quite generous and as such would be reviewed ahead of entering into a new agreement for delivery of the service. In responding to a

Member's query she indicated that it would be appropriate to include an audit of the Council's arrangements in respect of agency and contract staff, in lieu of the audit of Building Control. In commenting on the Plan the Independent Member concurred with the Strategic Manager's view on the amount of time allocated within the Plan, he also suggested that a review of the previous two years would be helpful in gaining a sense as to whether all major risk areas had been covered / or should be revisited.

Resolved – That the proposed 2017/18 Internal Audit Plan, as now amended by deletion of the proposed Building Control audit, is provisionally approved pending further consideration, together with the profile of audits carried out over the first two years of the current audit service agreement, at the June 2017 meeting of this Committee.

\$c. Internal Audit Reports

The Internal Audit Services Manager presented copies of the audit reports listed below, which had been commissioned as part of the 2016/17 Internal Audit Plan.

- \$Payroll : Level of Assurance : Good
- \$Cybercrime 2016/17 : Level of Assurance : Good

In commenting on the payroll audit the Strategic Manager for Financial Service assured Members that bearing in mind the impact on payroll staff time she would be taking a close interest in the implementation of recommendations therein.

Resolved – That the reports of the Internal Auditor now presented are received, and that implementation of recommendations therein are monitored through the arrangements approved at Minute AC.138(a)/12-13.

\$AC.284

RISK MANAGEMENT

Further to Minute AC.264/16-17, the Strategic Manager for Financial Services submitted a report updating the Committee on progress against actions intended to mitigate risks within the Council's corporate risk register.

No changes had been made to the Council's risk profile which was comprised of 121 risks in the period since the Committee's meeting in November 2016, and no risks had been added or removed from the Corporate Risk Register. The Register was comprised of three strategic and three operational risks; however it was understood that two of those risks would be in a position to be removed when the register was next reviewed.

A complete review of the risk profile had been carried out and the outcome was being assessed. A report presenting the revised register and details of the risk profile would be presented to this Committee in June 2017.

Resolved – That progress, as now reported, as at 31st January 2017 against actions to mitigate risks within the risk register is noted.

Minutes for Decision

- None -

Chairman.

AUDIT AND GOVERNANCE COMMITTEE – 20 June 2017

LOCAL CODE OF GOVERNANCE



Report of the Strategic Manager, Financial Services (s151 Officer)

Ward(s) affected: All Wards

1. **Purpose of Report** – To review and adopt the amended Local Code of Governance attached as Appendix A

2. **Recommendations** – To consider and approve Local Code of Corporate Governance Code.

3. **The Local Code of Corporate Governance**
 - 3.1. Governance comprises the arrangements put in place by the Council to ensure that the intended outcomes for stakeholders are defined and achieved.
 - 3.2. The Council operates a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes, as set out in the Local Code. The Code provides a framework for the Council to achieve its vision and priorities.
 - 3.3. The Code reflects the core principles taken for the delivery of good governance taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) as contained within the Delivering Good Governance in Local Government Framework (updated April 2016) developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).
 - 3.4. The seven core principles are:
 - Principle A – Behaving with integrity demonstrating strong commitment to ethical values and respecting the rule of law
 - Principle B – Ensuring openness and comprehensive stakeholder engagement
 - Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it
 - Principle F – Managing risks and performance through robust internal control and strong public financial management
 - Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- 3.5. Regulation 6(1)a of the Accounts and Audit (England) Regulations 2015 requires the Council to conduct a review at least once a year of the effectiveness of its system of internal control and to publish a statement reporting on the review within the Statement of Account. This is reported to the Committee as a separate agenda item.
- 3.6. The Annual Governance Statement refers explicitly to the adoption of a Local Code of Corporate Governance and to the core principles.
- 3.7. The Audit and Governance Committee last approved the Local Code in September 2011 (AC.106). The Code has now been updated to reflect the updated principles as set out in the Delivering Good Governance in Local Government Framework (updated April 2016) developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE)
- 3.8. Members are recommended to consider and approve the Local Code of Governance.

4. Implications

- 4.1. **Financial and Value for Money Implications** – None arising directly from this report.
- 4.2. **Legal Implications** – There is a legal requirement to approve the Code under the Audit(England) Regulations 2015.
- 4.3. **Contribution to Council Priorities** – Approval and adoption of the Local Code is key aspect of demonstrating that Craven District Council has a formal and established response to corporate governance requirements that underpin the achievement of its priorities
- 4.4. **Risk Management** – Risk management is seen as an integral part of the Council's corporate governance .
- 4.5. **Equality Analysis**
An equality impact assessment is not required as the report does not include policy matters for decision with potential impact on equality groups.

5. Consultations with Others

Corporate Governance Group, CLT, SLT

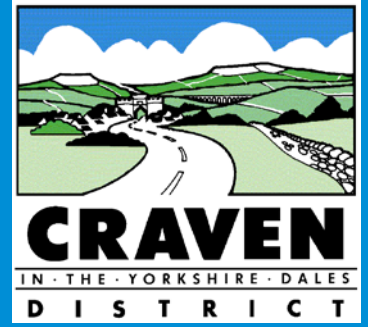
6. Access to Information: Background Documents

None

7. **Author of the Report** – Claire Hudson , VFM and Improvement Manager
Tel – 01756 706493, Email – chudson@cravendc.gov.uk

8. Appendix

Appendix A – Local Code of Governance



Craven District Council

Local Code of Corporate Governance

Last updated: 30th May

Approval by Audit and Governance Committee – 20 June 2017

Contents

	Page
The Process of Governance	2
The Local Code of Corporate Governance	3
The Seven Principles of Good Governance	4 - 20
Summary of the Council's Governance Framework	21
Implementing the Code	22
Annual Review and Reporting	22

The Process of Governance

Governance comprises the arrangements put in place by the Council to ensure that the intended outcomes for stakeholders are defined and achieved.

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It enables the Council to pursue its vision effectively, whilst ensuring that appropriate mechanisms for control and the management of risk are in place.

To deliver good governance the Council must act in the public interest at all times, in order to achieve positive outcomes for its service users, citizens and other stakeholders.

The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making with clear accountability for the use of resources to achieve intended outcomes for service users and communities.

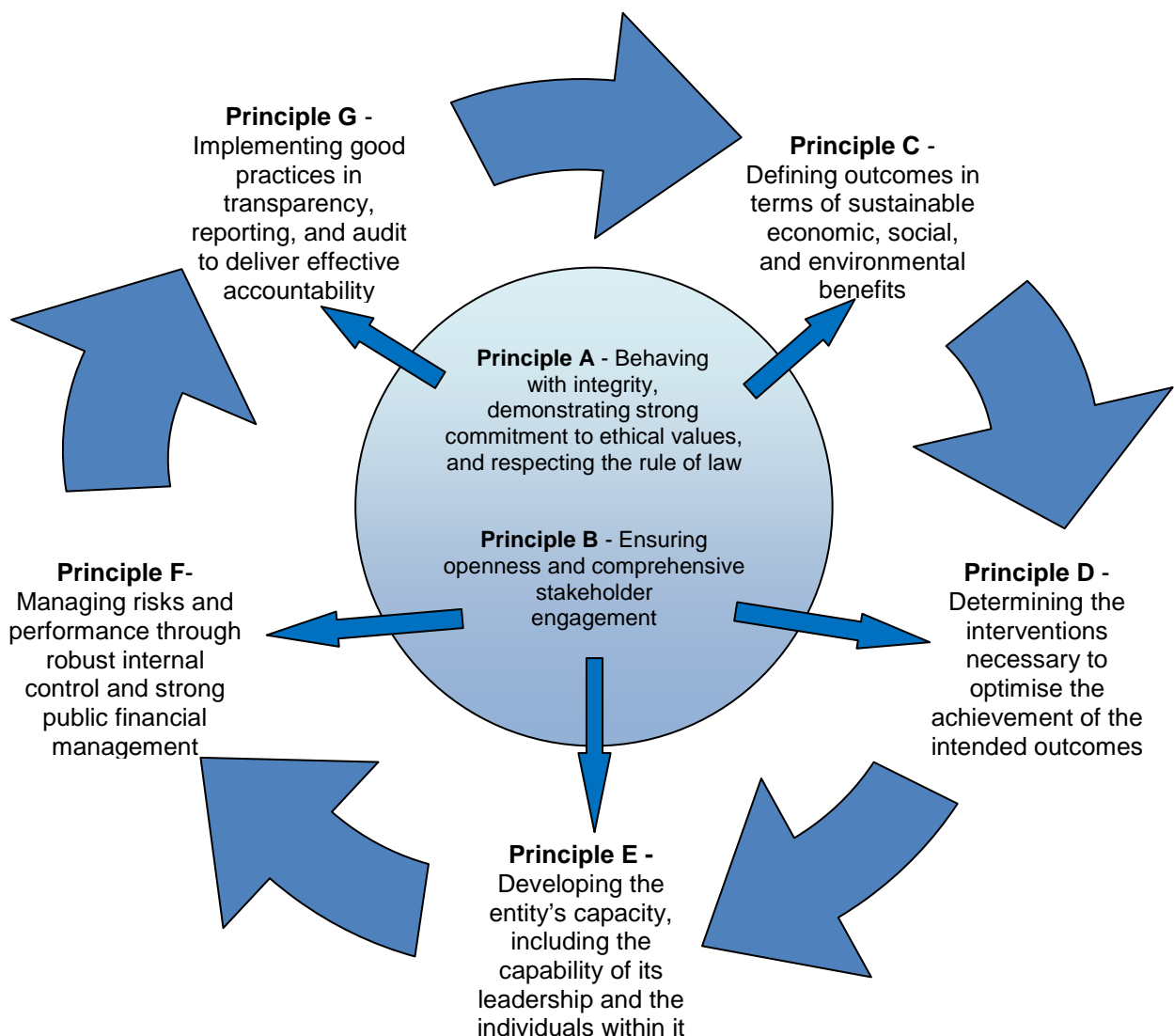
The Local Code of Governance

The Council operates a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.

The Code provides the framework for the Council to achieve its vision and priorities. It sets out:

- the core principles that the Council will adhere to for securing good governance;
- a summary of its arrangements for securing good governance through its Internal Control/Governance Framework; and
- the process for monitoring and maintaining the Code which is part of the Council's policy framework and has been approved by Council.

The Code reflects the seven core principles taken from the *International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014)* as contained within the *Delivering Good Governance in Local Government Framework* (updated April 2016) developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).



The Seven Principles of Good Governance

Principle A – Behaving with integrity demonstrating strong commitment to ethical values and respecting the rule of law

The Council is accountable for the use of financial resources directed to it through taxation and other means to provide services for our citizens. We are not only responsible for the achievement of intended outcome but also have responsibility to serve the public interested in adhering to requirements of legislation and government policies. It is essential that we can demonstrate the appropriateness of our actions and have mechanisms in place that encourage and enforce commitment to ethical values and compliance with the law.

Supporting Principle - Behaving with integrity

- Ensuring Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation
- Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)
- Leading by example and using the above standard operating principles or values as a framework for decision making and other actions
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively

Supporting Principle - Demonstrating strong commitment to ethical values

- Seeking to establish, monitor and maintain the organisation's ethical standards and performance
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
- Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation

Supporting Principle - Respecting the rule of law

- Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
- Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring corruption and misuse of power are dealt with effectively

Our arrangements to meet this principle include:

- The Council's Constitution which sets out how the Council operates, how decisions are made, and the procedures which are followed. These include Standing Orders; Financial Regulations, Committee Membership and Terms of Reference, Scheme of Delegation to Officers, and Member and Employee Codes of Conduct, and the Member/Employee Protocol. These ensure that Officers and Members actively recognise their responsibilities, and are enabled to use their powers to the full benefit of the local community; acting lawfully, openly, and transparently and remain accountable to local people. The Council's Monitoring Officer, oversees the operation of the Constitution in order to ensure that its aims and principles are given full effect.
- Constitution reviewed and adopted annually. Standards Committee actively involved in reviewing the local codes and protocols.
- A set of Core Values guiding and influencing the way the Council and its staff work, and helping to continually improve performance. These values reflect our commitment to act with integrity and honesty, treat everyone with respect and strive for excellence. Our Staff Awards scheme is linked to the Core Values to help embed these values and behaviours into the day to day work of staff.
- Formal Codes and Protocols aimed at ensuring high standards of conduct and personal behaviour, which make up the Council's ethical framework for both Members and employees. These include the Member Code of Conduct and Officer Code of Conduct, and the Member/Employee Protocol. Effective training is provided on these Codes to Members and employees.
- Adoption of the Seven Principles of Public life which will be observed by Members and Officers at all times to ensure they act selflessly and with integrity, are open, honest and accountable and lead by example.
- The Council ensures that professional advice on matters that have legal or financial implications is available and recorded through decision making processes.
- Constitutions, Terms of Reference or Service Level Agreements are in place where appropriate, for partnerships the Council is involved in. These measures ensure that there is clarity over the legal status of powers, and roles and responsibilities in respect of each partnership in which the Council is involved and ensure risks are considered and managed.
- A Standards Committee which takes the lead in promoting and maintaining high standards of conduct and ensuring the effectiveness of the ethical framework. The Committee is composed of Craven District Councillors, external independent persons and Parish Council representatives. Their role includes review of the Member/Employee Protocol and Codes of Conduct, monitoring adherence to code and protocols and dealing with complaints relating to breaches of the Member Code. The Committee has a dedicated budget to ensure resources are available to effectively investigate complaints.
- An Anti-Fraud and Corruption Policy and an Anti-Money Laundering Policy which addresses relevant legislative requirements and ensures effective arrangements for tackling fraud and corruption, and prevent the use of services for money laundering. These are communicated to employees and Members, and are published on the Council's website, and regular training is delivered.
- Registers of Interest for both Officers and Councillors are maintained by the Council's Monitoring Officer, and Member interests published on the Council's website.
- A Register of Gifts and Hospitality to record receipt of any gift or hospitality worth more than an estimated value of £25 received by Officers and Councillor' is maintained by the Council's Monitoring Officer and published on the Council's website.

Our arrangements to meet this principle include:

- A Whistleblowing Policy to enable employees to raise serious concerns they have about any aspect of service provision or the conduct of officers or Members of the Council or other acting on its behalf.
- An established Complaints, Comments and Compliments procedure, to ensure we resolve complaints promptly and efficiently, and learn from our mistakes. Including those reported to the Local Government Ombudsman. Separate procedures are in place to deal with complaints about Members.
- Processes to ensure compliance with established policies, procedures, laws and regulations. The Chief Executive is the Council's Head of Paid Service; the Strategic Manager - Financial Services is the Council's Chief Financial Officer (s151 officer). The Solicitor to the Council is the Monitoring Officer. This officer has a statutory responsibility to ensure the legality of transactions, activities and arrangements that the Council enters into.
- All reports presented to Committee for decision making require the legal, financial, risk management, equality and staffing implications to be explicitly detailed. The council's Head of Paid Service, Chief Financial Officer, and Monitoring Officer/Deputy Monitoring Officer consider these reports, along with their implications. Each officer also provided on-going advice in connection with both the financial and legal standing of council business, including monthly reviews of the council's expenditure against budget.
- Monitoring Officer or Deputy Monitoring Officer attend all appropriate meetings of Committees to provide additional steer and advice to Members as required, on matters of conduct and decision-making.

Principle B – Ensuring openness and comprehensive stakeholder engagement

The Council operates for the public good and recognises the need for openness about our activities and the importance of clear channels of communication, consultation and active engagement with stakeholders.

Supporting Principle - Openness

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action

Supporting Principle - Engaging comprehensively with institutional stakeholders

- Effectively engaging with institutional stakeholders (such as commercial partners and suppliers as well as other public or third sector organisations) to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably
- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
- Ensuring that partnerships are based on: trust; a shared commitment to change; a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit

Supporting Principle - Engaging with individual citizens and service users effectively

- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes
- Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking account of the impact of decisions on future generations of tax payers and service users

Our arrangements to meet this principle include:

- Publication of our Constitution to ensure communities, individual citizens, service users and other stakeholder and are clear to whom and for what the Council is accountable.
- Timely publication of Agenda and reports presented at the Council's Committees.
- A commitment to publishing all committee agenda items under "part 1" unless there is a need to preserve confidentiality where it is proper and appropriate to do so.
- Enabling public access at all meetings of the Council, its Committees and Sub-Committees, except when we have to discuss information in closed session to avoid the disclosure of exempt information.
- Processes for ensuring that decisions taken at meetings of formal Committees are fully and accurately documented. These include the publication of formal minutes to our website along with audio recordings
- A Call-In Procedure which provides a mechanism for Members to directly challenge decisions made by the Policy Committee.
- Working effectively with a range of partners through formal and informal partnerships to enable intended outcomes to be achieved more effectively and ensure efficient use of resources.
- Adoption of the North Yorkshire Joint Principles for Engaging Communities which sets out our commitment to and principles for engaging with all sections of the community effectively.
- Established mechanisms for engagement including:
 - a Residents Feedback Panel
 - publishing an electronic Community Newsletter
 - a programme of consultation including an annual Budget Consultation exercise
 - use of social media
 - publishing the result of consultation exercises to our website
 - staff surveys
- Engaging with a number of stakeholder groups established for specific projects for example the Friends of Aireville Park, Skipton Town Hall steering group and teams involving various local agencies to develop and deliver village action plans for Crosshills, Ingletton and Settle
- Engaging and consulting with a range of institutional and other stakeholders on policy changes where we have a legislative requirement to do so.
- Clear and established channels of communication with the Parishes, through the Parish Liaison Group and the Parish Clerks Forum.
- A Select (Scrutiny) Committee which engages with the public and stakeholders when undertaking Select (Scrutiny) Reviews of services, through various means which may include surveys, press releases and invitations to meetings.
- Member engagement with communities through the Ward Member Grant Scheme, attendance at Parish Meetings, and nominations to sit on a range of outside bodies to enable effective engagement with the bodies and groups they represent.
- An established Complaints, Comments and Compliments procedure, which enables feedback from service users.
- An Employers Consultative Working Group as a formal means of engagement with employees and trade unions on matters of significance.

Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many responsibilities within local government, require the Council to define and plan its intended outcomes. It is essential that decisions contribute to our intended outcomes for the benefit of service users and citizens. We must balance competing demands when determining priorities and ensure we remain within the limits of available resources.

Supporting Principle - Defining outcomes

- Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions
- Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available

Supporting Principle - Sustainable economic, social and environmental benefits

- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs
- Ensuring fair access to services

Our arrangements to meet this principle include:

- Setting out the Council's Vision key priorities for improved outcomes for citizens in our Council Plan. The Council Plan is published as a three year rolling document. A review of the Plan, including the Council's vision, mission and priorities is carried out on an annual basis through the strategic planning process. This process is informed by community and Member consultation, reflecting political and community objectives, and acts as the basis for setting the Council's priorities.
- The Council, in their role as the supreme body of Members has overall responsibility for the Council's policy and budget framework, which includes adoption of, and any fundamental changes to, the Council's Constitution.
- The Policy Committee which is responsible for exercising the Council's powers within the budget and policy framework in the non-regulatory areas of its functions. It is also charged with making recommendations to the Council on the budget and framework and any plans, policies or strategies that have a significant corporate impact.
- Service Plans produced on an annual basis setting out the key goals, actions and targets for the year, for each service area. The Plans incorporate improvement actions and performance indicators, including those relating to the delivery of the Council Plan.
- A range of other supporting strategies and plans are in place to support specific areas of service delivery. These include the Housing and Homelessness Strategy, Parking Strategy and Asset Management Plan. These plans contribute to the achievement of the Council's vision and priorities for its communities.
- Sound financial plans designed to deliver the Council's priorities which incorporate:
 - a Long Term Financial Strategy highlighting key financial risks and pressures developed on a ten year rolling basis. This is supported by a Three year Medium Term Financial Plan which includes detailed revenue budgets;
 - a Capital Strategy which incorporates a rolling programme of capital investment and details capital budgets aligned to the Long and Medium Term Financial Strategies and achievement of the Council's priorities;
 - treasury management policies which set out the Council's approach to borrowing and investing financial resources to aid achievement of its priorities and service delivery
- A formal system of Risk Management to ensure that the council's assets are adequately protected and losses resulting from hazards, and claims against the council are mitigated through the effective use of risk control measures
- A Customer Access & Digital Strategy which sets out the Council's intent for customer access and digital engagement to enhance the customer experience and improve access to services.
- Arrangements embedded in service delivery for ensuring we meet our commitment and legal requirements regards equality and diversity. These include:
 - equality and diversity objectives which set out our commitment which is supported by an action plan outlining a range of measures we will take;
 - appointment of Member champion roles for equalities, older people, children and younger people, and dementia;
 - establishing a Health and Well-Being Forum to further work on inequalities in communities related to health and well-being
 - equality analysis of new policies, strategies, procedure or function to ensure their introduction does not result in a less favourable outcome on any group within the community, or unlawful discrimination. The results of equality analysis are included within Policy Committee Reports;

Our arrangements to meet this principle include:

- processes for equalities monitoring to ensure we are meeting our commitments and producing an annual Equalities Report published to our website.
- recruitment and selection procedures based on recognised good practice that aims to secure applicants for employment from all sections of the community, and provide a framework for the recruitment and selection of employees which reflects fairness, equity and best practice;
- recognition as a Positive About Disabled People Employer.
- External accreditations across services to demonstrate and improve the quality of the customer experience for service users. These include Customer Service Excellence, Museum and Libraries Archive Accreditation, and Visit England Quality Assured Visitor Attraction accreditation for Craven Museum & Gallery, and a bronze award for homeless services through The National Practitioner Support Service's Gold Standard Challenge.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council achieves its intended outcomes through a mixture of legal, regulatory and practical measures. Robust decision-making and review mechanisms are important to ensure the Council implements the right mix of these measures, and appropriately allocates resources to the achievement of our intended outcomes.

Supporting Principle - Determining interventions

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts

Supporting Principle - Planning interventions

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances
- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured
- Ensuring capacity exists to generate the information required to review service quality regularly
- Preparing budgets in accordance with objectives, strategies and the medium term financial plan
- Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy

Supporting Principle - Optimising achievement of intended outcomes

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage
- Ensuring the achievement of 'social value' through service planning and commissioning

Our arrangements to meet this principle include:

- A strategic planning process to ensure the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders.
- Detailed options appraisals and business cases are developed and considered in respects of projects requiring revenue or capital growth bid funding.
- Lead Members for specific Council Priorities including a Lead Member for Financial Sustainability. Reports to Policy Committee are presented and introduced by the appropriate Lead Member improve ownership in the decision making process.
- In order to ensure those making decisions are provided with information that is fit for purpose, relevant, timely and gives clear explanations of technical issues and their implications, the Council uses a standards report format in reports presented to its Committees. The reports include financial, legal, risk management and equality implications, as well as relevance to Council Priorities.
- Sound financial plans designed to deliver the Council's priorities which incorporate:
 - a Long Term Financial Strategy highlighting key financial risks and pressures on a ten year rolling basis. This is supported by a Three year Medium Term Financial Plan which includes detailed revenue budgets;
 - a Capital Strategy which incorporates a rolling programme of capital investment and details capital budgets aligned to the Long and Medium Term Financial Strategies and achievement of the Council's priorities;
 - treasury management policies which set out the Council's approach to borrowing and investing financial resources to aid achievement of its priorities and service delivery
- Arrangements for monitoring achievement of the Council Plan, Annual Service Plans, Budgets and Performance Indicators which include Monitoring Reports & Quarterly Performance clinics (including Value For Money (VFM)) Clinics which combine budget and performance monitoring and reports to the Council's Leadership Team and Policy and Audit Committees.
- A formal system of Risk Management to ensure that the council's assets are adequately protected and losses resulting from hazards, and claims against the council are mitigated through the effective use of risk control measures.
- Contingency arrangements to ensure the continuation of services in the event of major incidents including a business continuity, disaster recovery and emergency plan.
- Having in place an effective procurement arrangements that secure value for money and consider the contribution the Council can make to the achievement of added value to the community (social value) and procuring goods and services
- Requirements in respects of quotations and tenders as set out in the Council's Contract Procedure Rules, to ensure best value is achieved in the procurement of goods and services and ensure the Council meets requirements of Public Procurement Regulations.

Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it

The Council needs appropriate structures and leadership, as well as people with the right skills and mind-set if it is to operate efficiently and effectively and achieved its intended outcomes in a timely manner. We need to ensure that we are best placed to meet our obligations and respond to changes in demands placed upon us.

Supporting Principle - Developing the entity’s capacity

- Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently
- Recognising the benefits of partnerships and collaborative working where added value can be achieved
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

Supporting Principle - Developing the capability of the entity’s leadership and other individuals

- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
- Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority
- Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:
 - ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged
 - ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
 - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external
- Ensuring that there are structures in place to encourage public participation
- Taking steps to consider the leadership’s own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
- Holding staff to account through regular performance reviews which take account of training or development needs
- Ensuring arrangements are in place to maintain the health and well-being of the workforce and support individuals in maintaining their own physical and mental well-being

Our arrangements to meet this principle include:

- A Value for Money Framework detailing the Council's principles and actions for securing value for money in the services it delivers. This includes arrangements for benchmarking and reviews of service to ensure they remain fit for purpose and responsive to needs.
- Working collaboratively with organisations across the region and developing a number of formal partnerships to deliver services and improved outcomes for local communities.
- A People Strategy which provides a framework to ensure the Council has the skilled, committed and high performing workforce needed to deliver the Council's vision. The strategy has a number of themes which include leadership and capacity; as part of this we are investing in an Exceptional Leadership training programme for a number of staff.
- Clear statements of the respective roles and responsibilities of the Council's Committees and Senior Officers as set out in Committee Membership and Terms of Reference and Scheme of Delegation of the Constitution. This includes protocols which set out the roles and responsibilities of the three statutory officers:
 - a designated Head of Paid Services (the Chief Executive), responsible and accountable to the Authority for all aspects of operational management, in accordance with Section 4 of the Local Government and Housing Act 1989.
 - a designated Section 151 Officer (the Strategic Manager – Financial Services), responsible to the Authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control, in accordance with Section 112 of the Local Government Finance Act 1988.
 - a designated Monitoring Officer (the Solicitor to the Council and Monitoring Officer), responsible to the Authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with, in accordance with Section 5 of the Local Government and Housing Act 1989.
- A Member/Employee Protocol to ensure effective communication between Council Members and officers in their respective roles.
- Regular meetings held between the senior officers that form the Corporate Leadership Team, and the Council Leader and other Lead Members that make up the Council's Leadership Team.
- Job evaluation processes, job descriptions/person specifications and recruitment and selection processes for all Officer roles to ensure roles meet required needs and persons appointed possess the required qualifications and skill set to perform roles effectively.
- Induction training provided to all new Members and officers.
- A Performance Development Review (PDR) system to manage the performance of officers, which links performance to service and Council priorities and objectives.
- A Training and Development Plan which is revised annually to ensure training is delivered to meet the needs highlighted via the Performance Development Review process.
- Member Training is provided to meet the needs of all Members.
- The Council continues to develop its Apprenticeship Scheme and is proud of its successes in providing permanent career progression for a number of apprentices to Council roles.
- Various partnerships are in place with local schools, colleges and voluntary organisations to provide opportunities for work experience to individuals from all sections of the community.
- Investors in People (IiP) accredited status.
- Arrangements for protecting the health and well-being of the Council's workforce including health and safety policies, and risk assessments and an Employee Wellbeing Group charged with delivering a programme of activity to improve health and well-being.

Principle F – Managing risks and performance through robust internal control and strong public financial management

The Council needs to ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management, internal control and strong systems of financial management are essential for the implementation of policies and achievement of our intended outcomes.

Supporting Principle - Managing risk

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for managing individual risks are clearly allocated

Supporting Principle - Managing performance

- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review
- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
- Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible
- Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making
- Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)

Supporting Principle - Robust internal control

- Aligning the risk management strategy and policies on internal control with achieving objectives
- Evaluating and monitoring risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body:
 - provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment
 - that its recommendations are listened to and acted upon

Principle F (continued) – Managing risks and performance through robust internal control and strong public financial management
Supporting Principle - Managing Data
<ul style="list-style-type: none">• Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data• Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies• Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring
Supporting Principle - Strong public financial management
<ul style="list-style-type: none">• Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

Our arrangements to meet this principle include:

- A formal system of Risk Management to ensure that: the council's assets are adequately protected and losses resulting from hazards and claims against the council are mitigated through the effective use of risk control measures. Corporate arrangements are overseen by the Strategic Manager Finance (Section 151 Officer). The system of risk management includes the maintenance of corporate and service risk registers. The Corporate Leadership Team (CLT) and Senior Leadership Team (SLT) are responsible for keeping arrangements for both risk registers under review. The Register is used to monitor risks and identify appropriate action plans to mitigate risks. These risk management arrangements and the Corporate Risk Register containing the Council's key strategic risks are monitored by CLT and the Audit & Governance Committee.
- A Performance Management Framework sets out the formal arrangements for effective performance management, and is used to monitor and report progress against the Council Plan, Annual Service Plans, Budgets and Performance Indicators.
- The Council's Select (Scrutiny) Committee provides constructive challenge in relation to the Council's services and those of other agencies, holding the decision-makers to account, primarily through the call-in procedure, and contributing to policy development and review. A work programme is formulated on an annual basis which complements the aims and objectives of the Council's Priorities in the Council Plan. Issues that arise during the year can also be referred to the Committee. Different methods may be used to involve the public and stakeholders in Select (Scrutiny) Reviews, including surveys, press releases and invitations to meetings.
- A Value for Money Framework detailing the Council's principles and actions for securing value for money in the services it delivers. This includes arrangements for benchmarking and reviews of service to ensure they remain fit for purpose and responsive to needs.
- An effective internal audit function with direct access to members; charged with the delivery of an annual risk based internal audit plan, to provide assurance with regard to governance and internal control arrangements and ensure that recommendations are acted upon.
- An effective Audit and Governance Committee that is independent of the Policy and Select (scrutiny) functions. The Committee's remit includes review of internal and external audit activities, the control environment, risk management and the review and approval of the Council's annual Statement of Accounts. The Audit Committee receives updates on progress against internal audit recommendations arising from internal audit report and effectively challenges progress made.
- An Information Security Policy which sets out the minimum measures we will apply across services in order to effectively protect information and meet legislative requirements including those under the Data Protection Act.
- A sound system of financial management through the Long Term Financial Strategy and Medium Term Financial Plan which includes budgets that are soundly based and are designed to deliver the Council's priorities, and an integrated approach to budget and performance monitoring and management of associated risks through that considers.
- Effective internal control arrangements to ensure sound financial management systems and processes.

Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Council accountable to its communities, citizens, service users and other stakeholders for its decision making and delivery of services. We must ensure that we deliver services in a transparent manner and stakeholders are able to understand and effectively hold the Council to account.

Supporting Principle - Implementing good practice in transparency

- Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

Supporting Principle - Implementing good practices in reporting

- Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
 - Ensuring members and senior management own the results reported
 - Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
 - Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations

Supporting Principle - Assurance and effective accountability

- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
- Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met

Our arrangements to meet this principle include:

- Complying with the requirements of the Local Government Transparency Code with respects to publishing data.
- A Publication Scheme which sets out the information that the Council publishes.
- Procedures and processes for securing data quality as set out in our Performance Management Framework which incorporates our Data Quality Strategy.
- Complying with provisions under the Freedom of Information (FOI) Act 2000, and related legislation, and having in place a Publication Scheme for publishing Council information.
- Publishing an Annual Report to communicate our achievements and performance to stakeholders.
- Arrangements for monitoring achievement of the Council Plan, Annual Service Plans, Budgets and Performance Indicators which include Monitoring Reports & Quarterly Performance clinics (including Value For Money (VFM)) Clinics which combine budget and performance monitoring and reports to the Council's Leadership Team and Policy and Audit Committees.
- Undertaking and annual review of our governance arrangements to assess compliance with and producing an Annual Governance Statement which sets out how we have complied with the Local Code of Governance and identifies areas for improvement.
- Publishing the Annual Statement of Accounts.
- An effective internal audit function which complies with the Public Sector Internal Audit Standards and has direct access to members; charged with the delivery of an annual risk based internal audit plan, to provide assurance with regard to governance and internal control arrangements and ensure that recommendations are acted upon.
- An effective external audit function provided by Mazars. Whilst external auditors are not required to form an opinion on the effectiveness of the Council's risk and control procedures, their work does give a degree of assurance. The Council has a proactive relationship with Mazars and holds regular meetings to cover corporate matters and accounting and internal audit matters, in order to strengthen its governance arrangements. Conclusions and significant issues arising in 2016/17 are included in their report to those charged with governance.
- An effective Audit and Governance Committee that is independent of the Policy and Select (scrutiny) functions. The Audit and Governance Committee acts as the Council's responsible body charged with governance. In doing so it provides independent assurance on the adequacy of the risk management framework and the associated control environment, approves the Final Statement of Accounts, and receives reports from External and Internal Audit. A non-voting independent member has been appointed to assist the Committee in 2015, this appointment is currently in place to May 2020.
- Active participation with the Peer Review process offered by the Local Government Association
- Implementing effective governance arrangements and establish clear lines of accountability when working in partnership.

Summary of the Council's Governance Framework

Annual Governance Statement

Published annually with the Statement of Accounts signed off by the Chair of Audit & Governance Committee and Chief Executive. Subject to independent review by Audit & Governance Committee Members through examination of draft & recommendation for approval

Annual Review of Governance

Review undertaken by the Corporate Governance Working Group consisting of the Council's Leadership Team (CLT) and representatives of the service managers that form the Council's Senior Leadership Team (SLT).

Processes	Key Strategies, Policies and Codes
<ul style="list-style-type: none"> • External Audit Annual Audit and Inspection Plan • Internal Audit Plan • Monitoring Officer - monitoring of compliance with Constitution, standards and legislation • Business Continuity/Risk Management Processes /Risk Registers • Strategic Planning/Budget Setting Processes • Quarterly Budget and Performance Monitoring Processes • Health and Safety Risk Assessments • Job evaluation process /Recruitment and Selection Processes • Induction processes • Register of Interests • Staff Surveys • Complaints, Compliments and Comments Procedure • Consultation Processes 	<ul style="list-style-type: none"> • Local Code of Governance • Council Constitution including: Scheme of Delegation; Financial Procedure Rules; Standing Orders; Member & Officer Codes of Conduct; and Committee Terms of Reference • Council Plan / Service Improvement Plans • Long /Medium Term Financial Strategy (LTFS/MTFS) • Capital Strategy • Treasury Management Strategy • Annual Budget • Value for Money Framework • Performance Management Framework & Data Quality Strategy • Annual Statement of Accounts • Annual Report • Risk Management Strategy • Business Continuity /Disaster Recovery/Emergency Plans • Health and Safety Policies • Anti-Fraud and Corruption Policy • Whistleblowing Policy • Procurement Regulations/ Procurement Strategy • Asset Management Plan • Information Security Policy • Publication Scheme (Freedom of Information) • Workforce Strategy/ Annual Training Plan • Equalities & Diversity Objectives • Customer Access & Digital Strategy
Functions /Roles and Responsibilities	Opinions
<ul style="list-style-type: none"> • Audit and Governance Committee • Policy Committee • Select (Scrutiny) Committee • Standards Committee • Head of Paid Services • Section 151 Officer • Monitoring Officer • Internal Audit • External Audit • Employee Consultative Committee • Local Government Ombudsman 	<ul style="list-style-type: none"> • Internal Audit opinion expressed in periodic and annual reports to Audit and Governance Committee • External Audit • Local Government Ombudsman report • Fraud reports and investigations • Investors in People (IIP) Accreditation Report

Implementing the Code

- Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal.
- The Council has delegated responsibility for governance to the Audit and Governance. An annual work programme is agreed that ensure it receives sufficient and appropriate information to enable it to discharge this duty and ultimately recommend adoption of the Annual Governance Statement.
- The Council's Section 151 Officer has been given the responsibility for overseeing the implementation and monitoring of the Code.
- The Council's key governance and business planning processes are also subject to audit on a risk basis. This work forms part of the evidence in support of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's systems of internal control.

Annual Review and Reporting

- The Council will carry out an annual review of their governance arrangements to ensure they are operating effectively and remain compliant the Local Code.
- This task is managed by the Corporate Leadership Team, which comprises the Chief Executive, Director of Services, and Strategic Manager Financial Services (Section 151 Officer).
- The Annual Governance Statement reports on the outcome of this review.
- The Annual Governance Statement is presented to the Audit and Governance Committee with the Financial Statements for approval. The Chief Executive and Chair of Audit and Governance Committee sign it off prior to the opinion being given on the Financial Statements giving their position on whether the corporate governance arrangements are adequate and operating effectively.
- This approach to reporting should ensure that the principles of corporate governance are embedded in the culture of the Council and are transparent to stakeholders



If you would like this information in a way which is better for you, please telephone 01756 700600.

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Audit & Governance Committee – 20th June 2017

Annual Governance Statement 2016/17



Report of the Strategic Manager – Financial Services (s151 Officer)

Ward(s) affected: All

1. Purpose of Report

- 1.1. To present the Draft Annual Governance Statement for 2016/17 for consideration and approval by Committee, and sign off by the Chair of the Audit Committee and the Chief Executive.

2. Recommendation

- 2.1. Members are recommended to approve the Annual Governance Statement which will form part of the Statement of Accounts 2016/17.

3. Annual Governance Statement (AGS)

- 3.1. Governance comprises the arrangements put in place by the Council to ensure that the intended outcomes for stakeholders are defined and achieved.
- 3.2. The Council operates a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes, as set out in the Local Code.
- 3.3. The Code reflects the core principles taken for the delivery of good governance taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) as contained within the Delivering Good Governance in Local Government: Framework (updated April 2016) developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).
- 3.4. The CIPFA/SOLACE Framework defines proper practices for the form and content of a governance statement that meets the requirement to prepare and publish a statement of internal control. The preparation and publication of an AGS in accordance with the CIPFA/SOLACE Framework meets 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 a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices.
- 3.5. In common with most local authorities, the Council has a well- established system of internal control in place. The review of effectiveness formally demonstrates that these controls are operating effectively and if they are not then identify areas for improvement.

- 3.6. The AGS provides public assurance that the Council has a sound system of internal control, designed to help manage and control risks that will impede the achievement of its objectives. The AGS should not be seen as a purely financial requirement, but as an important public expression of what has been done and how priorities have been set out and monitored. The requirement for it to be signed by the Chair of Audit and Governance Committee and the Chief Executive reflects the importance with which it is viewed.
- 3.7. Whilst all meetings of the Authority and its Committees are an integral part of our corporate governance framework, the Audit and Governance Committee has a specific role which is key to its operation. The Committee should determine whether it is satisfied that the review process has been rigorous and thorough.
- 3.8. The AGS sets out the significant governance issues outstanding at the end of 2016/17 and the proposals for addressing them during 2016/17. Committee Members should ensure that they are satisfied with the corrective actions being proposed.
- 3.9. The External Auditor will be considering the AGS as part of the review of the Statement of Accounts for 2016/17. The Auditor is required to issue an opinion on the accounts and “sign them off”.
- 3.10. During 2016/17 the majority of issues highlighted in the 2015/16 AGS were addressed and a summary is provided at Appendix 2.
- 3.11. Members are recommended to approve the Annual Governance Statement which will form part of the Statement of Accounts 2016/17.

4. Implications

4.1. Financial and Value for Money Implications

None arising directly from this report.

4.2. Legal implications

The Council is required to publish an Annual Governance Statement (AGS) which must accompany its Annual Statement of Accounts in compliance with the Accounts and Audit (England) Regulations 2015 – Regulation 6(1)b.

4.3. Contribution to Council Priorities

Financial resilience through appropriate procedures and practices

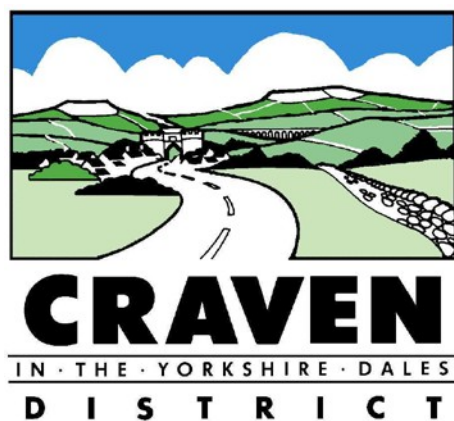
4.4. Risk Management

Implementation of measures to improve the Council's governance arrangements help to mitigate against Corporate Governance risks.

4.5. Equality Analysis

An equality impact assessment has not been completed against the Annual Governance Statement does not directly invoke any changes to policy, strategy, procedure or function.

5. **Consultation with Others**
CLT, Corporate Governance Working Group, SLT, Internal Audit Manager,
6. **Access to Information : Background Documents**
CIPFA – Delivering Good Governance in Local Government.
Local Code of Governance
7. **Author of the Report**
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8. **Appendices**
Appendix 1 - Annual Governance Statement 2016/17
Appendix 2 - Update on Issues Arising from the 2015/16 AGS



ANNUAL GOVERNANCE STATEMENT 2016/17

Annual Governance Statement (AGS)

Scope of Responsibility

Craven District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

The Council has approved and adopted a Local Code of Governance (the Code), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

A copy of the Local Code can be obtained from the Council's website www.cravendc.gov.uk or by writing to: - Financial Management, Craven District Council, 1 Belle Vue Square, Broughton Road, Skipton, North Yorkshire, BD23 1FJ.

This Statement demonstrates how Craven District Council has complied with the Code and meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015, which require the Council to prepare an annual governance statement.

The Purpose of the Governance Framework

The Governance Framework comprises the systems, processes cultures and values, by which the Council is directed and controlled and the activities through which it accounts to, engages with and, where appropriate, leads the community. It enables the Authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Craven District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realised, and to manage them efficiently, effectively and economically.

This statement gives assurances on compliance with Craven District Council's governance framework for the year ending 31 March 2017 and up to the date of approval of the Statement of Accounts for 2016/2017.

Annual Review of Effectiveness

Craven District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.

In preparing the Annual Governance Statement for 2016/17, the Council has reviewed the effectiveness of the principles and mechanisms to secure good governance in place as outlined in the Local Code of Governance.

The purpose of the review is to identify and evaluate the key controls in place to manage key risk, and evaluate the assurances received, identify gaps in controls and assurances. Areas of improvement have been identified and are outlined in the Statement.

Review of the governance framework is overseen by the Council's Strategic Finance Manager (s151 Officer) and undertaken by the Corporate Governance Working Group consisting of the Corporate Leadership Team (CLT) and representatives of the service managers that form the Council's Senior Leadership Team (SLT).

The review of effectiveness is informed by the work of the Corporate Leadership Team (CLT) who have responsibility for developing and maintaining the governance environment, the Internal Audit Services Manager's annual report, and also by the comments made by external auditors, and other review agencies and inspectorates.

The outcomes of the review are considered and approved by the Audit and Governance Committee. The Audit and Governance Committee has overall responsibility for ensuring the effective development and operation of corporate governance within the Council and ensuring compliance with best practice.

Issues identified in the 2015/16 Annual Governance Statement and the management actions to reduce the risk have been reported to, either Audit & Governance Committee and or Policy Committee and or Council. These reports where appropriate have also included new issues for consideration.

Specific Assurances

The following specific assurances have been obtained to support this statement:

- **Chief Financial Officer , Section 151 Officer**

In accordance with the CIPFA statement on the role of the Chief Financial Officer, they must provide assurance in a number of governance arrangements including those relating to financial decision making, financial accounting and reporting, internal control, and risk management, in order to protect that financial control is exercised consistently, and that the organisation implements appropriate measures to protect its assets from fraud and loss. These assurances have been considered through the review of our governance arrangements, and it has been established that the Council's arrangements confirm to the CIPFA requirements.

- **Chief Information Officer**

Craven District Council maintains externally verified (annually) compliance with the Governments PSN (Public Services Network) and the Payment Card Industries PCI-DSS (Payment Card Industries – Data Security Standards). Compliance with these standards provides confidence that services used over the technical network will work without problems, gives assurance that our data and our customers data is protected in accordance with our Information Assurance (IA) commitments and ensures that in the event of things going wrong they can be quickly put right. In the case of PCI-DSS it also ensures that adequate controls are in place surrounding the storage, transmission and processing of our customers payment card data that we handle.

- **Audit Services Manager**

The 2016/17 financial year was the second year of a three year shared service arrangement between Craven District Council and Harrogate Borough Council.

The overall opinion of the Council's Internal Audit is that:

“.....Governance: This concerns the combination of protocols, procedures and structures in place to inform, direct, manage and monitor activities towards the achievement of the Council's objectives. The opinion is that generally speaking, adequate and effective arrangements are in place. The Annual Governance Statement sets out those arrangements and I can confirm that these are comprehensive.”

“.....Risk Management: The Council has adequate arrangements in place with risk management being embedded within the Authority. This is based on Internal Audit's experience together with a review of the Risk Management Strategy and risk registers (both corporate and specific (recent examples include, Skipton Town Hall refurbishment, Health and Safety). There is also robust challenge by Members when risk registers are submitted to the Audit and Governance Committee for consideration and approval.” Audit and Governance Committee appointed its Independent Member to be its representative on the Risk Management Group. His remit is to report back to the Committee the scope for improving effectiveness of the Council's arrangements and provide suggestions for areas of focus. However, due to recent changes in approach, risk management is now considered and integrated into the work of the Senior Leadership Team (SLT) replacing the work of the former Risk Management Group, and arrangements need to be put in place to ensure the continued involvement of the Independent Member during 2017/18.

“.....Internal Control: Generally, fundamentally sound systems of internal control are in place. 88% of the opinions issued were either “significant” or “good”. In other areas, progress continues to be made.

- **External Audit**

The external audit of the Council is provided by Mazars. Whilst external auditors are not required to form an opinion on the effectiveness of the Council's risk and control procedures, their work does give a degree of assurance. The Council believes that a proactive relationship with the Mazars strengthens its governance arrangements. Regular meetings have taken place to cover corporate matters and accounting and internal audit matters.

Conclusions and significant issues arising in 2016/17 are included in their report to those charged with governance. There were no significant issues from the 2015/16 Audit.

- **Local Government Ombudsman**

The Local Government Ombudsman Annual Review letter was reported to the Council's Standards Committee in September 2016. The report considered 8 complaints referred to the Ombudsman in for the year ended 31 March 2016. Of the complaints received, none were upheld. 4 were referred back to the Council for local resolution, 1 was considered incomplete/invalid and 2 were closed after initial enquiries.

The Review letter for the year ended 31 March 2017 is expected in July 2017.

Performance against the Local Code of Corporate Governance

The Council considers that its governance arrangements continue to be regarded as fit for purpose and comply with our Local Code of Corporate Governance which sets out the detail of the Council's Governance Framework.

In undertaking our review of effectiveness we have assessed our performance against the detailed arrangements set out in our Local Code.

The Council has assessed and confirms that arrangements detailed within the Local Code are in place and no significant weaknesses to our governance arrangements have been identified.

However, in doing so we have identified a number of areas for improvement to form part of our Governance Improvement Plan.

It is stressed that no system of control can provide absolute assurance against material mis-statement or loss. This statement is intended to provide reasonable assurance.

We have set on the following pages our assessment of compliance with the arrangements we have in place to meet the governance principles as set out in our Local Code, along with our Governance Improvement Plan.

Principle		
Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
Supporting Principles		
<ul style="list-style-type: none">• Behaving with integrity• Demonstrating strong commitment to ethical values• Respecting the rule of the law		
Overall Assessment	We consider that we are meeting our arrangements to meet this principle as set out in our Local Code, but with some areas for continual improvement.	
Commentary	<p>The Council's Constitution is subject to annual review and update. A light touch review is underway and will be presented to Council in August 2017.</p> <p>The Council's Member and Officer Code of Conduct explicitly follow the seven principles of work in public life (Nolan Principles) The Council's Core Values are linked to the same principles and the annual staff award programme also focus on demonstrating the Code Values.</p> <p>However, our review of effectiveness has identified that there is further work to do to develop and embed understanding of those linkages amongst Officers at all levels.</p>	
Link to Improvement Actions		1 and 2

Principle B - Ensuring openness and comprehensive stakeholder engagement Supporting Principles <ul style="list-style-type: none"> • Openness • Engaging with individual citizens and service users effectively 		
Overall Assessment	We consider that we are meeting our arrangements to meet this principle as set out in our Local Code, but with some minor areas of improvement required.	
Commentary	<p>We have a range of processes and mechanisms in place to consult with stakeholders. We have had successes in with working with a number groups such as the Friends of Aireville Park in delivering a number of new facilities within Aireville Park, Skipton, through matched funding and fundraising efforts.</p> <p>The Council has signed up to the North Yorkshire Joint Principles for consultation and we have a range of processes and mechanisms in place to consult with stakeholders and citizens. However, we have identified that there is an opportunity to further develop understanding of and embed the North Yorkshire Joint Principles for Consultation across all services, through the work of our Senior Leadership Team.</p> <p>Whilst the Council engages with a number of outside bodies through representation from Craven District Council Members, we have identified an opportunity to improve understanding of this work amongst all Members and Senior Officers through developing Member reporting on this work to Council.</p> <p>The implementation of the new Council website later this year will bring an opportunity to enhance arrangements for members of the public to more easily contact their local Councillor through enhancements to the Contact Your Councillor section of our website.</p>	
Link to Improvement Actions		3 and 4

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits Supporting Principles <ul style="list-style-type: none"> • Defining outcomes • Sustainable economic, social and environmental benefits 		
Overall Assessment	We consider that we are meeting our arrangements to meet this principle as set out in our Local Code, but with some minor areas of improvement required.	
Commentary	<p>The Council's policy making and decision making processes take into account the financial, legal, risk and equality impact of decisions. However, we recognise the need for greater consideration of wider economic, social and environmental impacts in our decision making processes.</p> <p>Implementation of our Customer Access and Digital Strategy is a significant area of current improvement activity to ensure fair access to services. We are currently working to replace the Council's website which will help deliver an enhanced customer access experience and improve access to Council services; this will be relaunched towards the end of the 2017/18 financial year.</p>	
Link to Improvement Actions		5 and 6

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes Supporting Principles <ul style="list-style-type: none"> • Determining interventions • Planning interventions • Optimising achievement of intended outcomes 	
Overall Assessment	We consider that we are meeting our arrangements to meet this principle as set out in our Local Code, but with more significant areas of improvement required.
Commentary	<p>We have identified an opportunity to improve our approach to project management to ensure that the range of improvement projects implemented across Council services are done so effectively to maximise outcomes and make best use of resources. This will include a renewed focus on consultation and engagement and risk management, in project implementation</p> <p>We are reviewing and strengthening our approach to procurement to ensure arrangements continue to be fit for purpose, secure value for money, and contribute the achievement of added value (social value) within the community. An updated Procurement Strategy will be agreed during the 2017/18 financial year.</p> <p>The Council agreed a Value for Money Framework detailing the principles and actions for securing value for money in service delivery. This includes benchmarking and regular reviews of services to ensure they remain fit for purpose. The Framework and approach is scheduled for update and review in 2017/18.</p>
Link to Improvement Actions	
7, 8 and 9	

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it Supporting Principles <ul style="list-style-type: none"> • Developing the entity's capacity • Developing the capability of the entity's leadership and other individuals 	
Overall Assessment	We consider that we are meeting our arrangements to meet this principle as set out in our Local Code, but with more significant areas of improvement required.
Commentary	<p>We have an agreed induction programme in place for officers, however, we have identified that these arrangements may not have been operating consistently across all services during the last year. We will be undertaking a review to identify gaps and make improvements to our induction process going forward as necessary.</p> <p>We have good arrangements in place through our Performance Development Review (PDR) system to manage the performance and effectiveness of Council officers and identify ongoing development needs. However, we intend to undertake a review of these arrangements to ensure they remain effective and fit for purpose.</p> <p>We have effective arrangements in place to identify and respond to training needs through our annual Training Plan and Member training programmes. However, we have identified training for new Members as an area for further improvement, which requires continual focus due to the Council undertaking elections in thirds.</p>
Link to Improvement Actions	
10, 11 and 12	

Principle F - Managing risks and performance through robust internal control and strong public financial management

Supporting Principles

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

Overall Assessment	We consider that we are meeting our arrangements to meet this principle as set out in our Local Code, but with more significant areas of improvement required.	
Commentary	<p>We are currently reviewing our corporate approach to risk management to ensure arrangements are fully embedded within the culture of the organisation, are fit for purpose and identified risks effectively addressed. The outcome of the review will be reported to Audit and Governance in June 2017. We will continue to embed and develop this new approach during 2017/18.</p> <p>During 2016/17 Internal Audit undertook work to assess the Council's arrangements in place to protect against the risk of fraud and corruption based on the CIPFA Code of Practice, we are continuing to improve our approach to Anti-Fraud and Corruption through implementation of an action plan approved by Audit & Governance Committee in January 2017.</p> <p>The work of internal audit in local authorities is now governed by the Public Sector Internal Audit Standards (PSIAS). These took effect from April 2013 (revised 1st April 2017) and it is a legal requirement for local authorities to comply with them. The PSIAS state that at least once every five years, local authorities are required to commission a review to see how far their internal audit service meets the Standards. Craven commissioned its external auditors, Mazars LLP, to review its Internal Audit Services during March 2014.</p> <p>Whilst the overall conclusion of the review was that Internal Audit is "substantially compliant", with required standards, it identified a number of areas where there was scope for improvement, the overall governance and assurance arrangements within the Council and the role Internal Audit plays within those arrangements. All actions included in the improvement plan have now been implemented – except for developing an assurance map. Following the introduction of new Audit Software from 1st May 2017, the intention is to undertake this piece of work during 2017/2018.</p>	
Link to Improvement Actions		13, 14, 15 and 16

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles

- Implementing good practice in transparency
- Implementing good practices in reporting
- Assurance and effective accountability

Overall Assessment	We consider that we are meeting our arrangements to meet this principle as set out in our Local Code, but with more significant areas of improvement required.	
Commentary	<p>The Council is currently developing a number of new partnership to deliver a range of projects. We need to instigate appropriate governance arrangements for these new partnership arrangements; which include the Great Places Partnership with South Lakeland District Council and the Council's Joint Venture Regeneration Partnership, and ensure we embed review of partnership performance within the Council's performance review and monitoring arrangements.</p> <p>We remain committed to publishing a range of data under the Data Transparency Guidelines, however to ensure we continue to meet requirements, we have identified the need to raise awareness of requirements and improve ownership within a number of services impacted upon by staff changes within the last year. There are also opportunities for improvement arising from the implementation of the new website.</p> <p>The Council actively participates in external reviews of its performance and will be participating in a further Peer Review, undertaken by the Local Government Association in September 2017.</p>	
Link to Improvement Actions		17, 18 and 19

Governance Improvement Plan

Ref	Action to Improve Governance Arrangements	Link to Principle	CLT Lead/ Lead Officer(s)	Expected Completion
1.	Constitution - Undertake a light touch review of the Constitution	A	Solicitor to the Council and Monitoring Officer	August 2017
2.	Nolan principles - Further develop and embed understanding of the Nolan Principles and the linkages between them and the Council's Officer Code of Conduct and Core Values amongst Officers at all levels throughout the Council	A	Solicitor to the Council and Monitoring Officer /Senior Leadership Team (SLT)	December 2017
3.	Consultation and Engagement – Work to further develop understanding of and embed the North Yorkshire Joint Principles for Consultation across all services	B	Director of Services/ Senior Leadership Team (SLT)	March 2018
4.	Member Engagement - Enhance approaches to Member engagement through improvements to the Contact Your Councillor section of the Council's website and Member reporting on their work with Outside Bodies	B	Solicitor to the Council and Monitoring Officer /Member Services Manager	December 2017
5.	Economic, Social and Environmental Impacts – Improve our approach to ensure greater consideration of wider economic, social and environmental impacts of policy decisions in our decision making processes	C	Corporate Leadership Team (CLT)/ Senior Leadership Team (SLT)	March 2018
6.	Website Engagement - Implement the Council's new website	C	Director of Services/ Chief Information Officer	December 2017
7.	Project management - Improve our approach to project management to ensure that the range of improvement projects implemented across Council services are done so effectively to maximise outcomes and make best use of resources. This will include a renewed focus on consultation and engagement and risk management, in project implementation.	D	Corporate Leadership Team (CLT)/ Senior Leadership Team (SLT)	March 2018
8.	Procurement - Review the procurement to ensure arrangements continue to be fit for purpose, secure value for money, and contribute the achievement of added value (social value) within the community .including publication of an updated Procurement Strategy, improved use of E Tendering, staff training and development, and improved supplier engagement and contract management	D	Strategic Manager Finance/VFM and Improvement Manager	March 2018
9.	Arrangements to secure value for money - Review and update of the Council's Value for Money Framework	D	Strategic Manager Finance / VFM and improvement Manager	March 2018
10.	Officer induction - Review and improve the effectiveness of the Council's approach to Officer Induction	E	Chief Executive/ Senior HR Manager	March 2018

Ref	Action to Improve Governance Arrangements	Link to Principle	CLT Lead/ Lead Officer(s)	Expected Completion
11.	PDR Process - Review and improve the effectiveness of the Council's staff Performance Development Review (PDR) process	E	Chief Executive/Senior HR Manager	March 2018
12.	Member training - Review and improve the Council's approach to training for new Members	E	Chief Executive/ Member Services Manager	March 2018
13.	Risk Management – Implement the revised corporate approach to risk management to ensure arrangements are fully embedded within the culture of the organisation, are fit for purpose and identified risks effectively addressed.	F	Strategic Manager Finance/ Senior Leadership Team (SLT)	March 2018
14.	Counter Fraud and Corruption - Further strengthen Counter Fraud and Corruption Arrangements to drive a strong anti-fraud and corruption culture from a corporate to operational level	F	Strategic Manager Finance/ Senior Leadership Team (SLT)	March 2018
15.	Internal Audit - Undertake an assurance mapping exercise to further integrate the role of Internal Audit within the Council's 'assurance framework '	F	Strategic Manager Finance / Internal Audit Services Manager	August 2017
16.	Data Protection - Implement our action plan to ensure compliance with the requirements of the new General Data Protection Regulations	F	Director of Services/ Chief Information Officer	June 2018
17.	Partnership Governance - Ensure appropriate governance arrangements are instigated for and effectively embedded in Council performance review and monitoring arrangements existing and new partnership arrangements, including the Great Places Partnership with South Lakeland District Council and the Council's Joint Venture Regeneration Scheme	G	Corporate Leadership Team (CLT)/ Senior Leadership Team (SLT)	March 2018
18.	Data Transparency - raise awareness of requirements for data publication under Data Transparency Guidelines, improve ownership across services of services and look to opportunities for improvement to data publication arising from the implementation of the new website.	G	Director of Services/ Chief Information Officer	March 2018
19.	Effective Accountability - Participate in Local Government Association led Peer Review and develop an action plan to respond to improvement recommendations	G	Corporate Leadership Team (CLT)/ Senior Leadership Team (SLT)	Review scheduled- September 2017

We will address the issues identified above to further enhancing our governance arrangements. We are satisfied that these steps will address the need for improvements identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

Signed Councillor C Harbron Chairman of the Audit & Governance Committee	Signed Paul Shevlin Chief Executive
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Appendix 2 - Update on Issues Arising from the 2015/16 AGS

Significant Governance Issues identified in Appendix A of the 2015/16 AGS			
Ref	Gaps Identified	Improvement Action	Position at 31 March 2017 & Commentary
1.	Integration of the role of Internal Audit within the Council's 'assurance framework'. An assurance mapping exercise to ensure that operational risks are identified is required.	An assurance mapping exercise should be carried out within the framework of a new assurance framework to ensure that all of the key risks the Council and its service lines are facing are identified.	<p>Work has yet to begin due to the focus being on the procurement of a new integrated audit and risk system. This will occur in June/July 2016 with an expectation of the new system being in place by the Autumn. The assurance mapping exercise will occur after installation and will be integral to the creation of the 2017/18 Audit Plan.</p> <p>This issue has been identified as an area for improvement and integrated in the Improvement Action Plan arising from the AGS 2016/17</p>

Major issues arising from the work of Internal Audit ('Priority 1' issues) and identified as Significant Governance Issues in Appendix B of the 2015/16 AGS					
No	Ref	Service Area	Issue	Improvement Action	Position at 31 March 2017 & Commentary
1.	IA 14/15 157	IT Services	A clearly owned information asset inventory should be developed and maintained. Once developed, identified information asset owners should ensure that risks and opportunities are	Data audits to document the Councils Information Assets form part of the Information Governance Project.	<p>Completed.</p> <p>Information Asset Inventory has been developed, and is now being maintained and updated so as to reflect the new requirements of the General Data Protection Regulation (GDPR) due to be implemented in 2018</p>
2.	IA 15/16 227	Building Control	A replacement for the Fast Control system should be timetabled for implementation as soon as possible	Replacement system is budgeted for within the capital programme for delivery by April 2017	<p>Completed</p> <p>The procurement for a single solution for Planning, Building Control, Environmental Health, Licensing & Waste Management has been completed. New system now live for Planning and Building Control</p>
3.	IA 15/16 245	Bereavement Services	Access levels should be set up on the BACAS system	Appropriate levels of access to be set on the BACAS system.	<p>In Progress.</p> <p>To be completed by the end of June once the Bereavement Services Development Manager comes in to post.</p>

Appendix 2 - Update on Issues Arising from the 2015/16 AGS

4.	IA 15/16 256	BVS – Ground Floor Alarm	There should be appropriate arrangements put in place to ensure that the Belle Vue Square ground floor alarm is set in any absence of the	Appropriate zoning for alarms required / arranged for BVS.	Completed. Action taken during 2016/17 to rectify.
5.	IA 15/16 257	IT – All Services	Cabinets containing personal data should be locked at night	Staff reminder issued via core brief. Staff training via e-learning. Policies updated. Approval of Information Management & Governance Strategy	Completed.
6.	IA 15/16 259	IT – Information Security – Bereavement Services	Arrangements should be made to ensure that any data of a personal and/or sensitive nature held in the chapel office is stored securely		Completed. A review of filing storage has been undertaken and VDU screens relocated. Locked storage alternatives are now being considered.
7.	IA 15/16 261	IT – Information Security – TIC	Arrangements should be made to ensure that any data of a personal nature held in the TIC should be stored securely		Completed.
8.	IA 15/16 263	IT – Information Security – ESL	The security and condition of the Engine Shed Lane archive store should be assessed in terms of its adequacy for data storage and appropriate action taken	Visit by Information Governance Officer and recommendations proposed.	In progress. A review has been undertaken of the document storage facilities at the Council's Engine Shed Lane (ESL) depot. A project is being initiated to seek to digitise all the archives currently stored off site, including those at ESL. As well as providing better, more secure, electronic storage of documents, such a solution should create savings for the Council in releasing the equivalent space.

Progress against the Priority 1 Items arising from the work of Internal Audit listed above, have continued to be monitored and reported to Audit & Governance through quarterly monitoring updates.

Item number 3 and 8 will continue to be progressed and monitored through this process in 2017/18. They have not been considered as significant through the annual review of effectiveness and integrated into the Annual Governance Improvement Plan.

Audit & Governance Committee – 20 June 2017

Anti-Fraud and Corruption Policy Statement and Strategy.



Report of the Strategic Manager – Financial Services (s151 Officer)

Ward(s) affected: All

1. Purpose of Report

- 1.1 To update Audit and Governance Committee the Council's proposed Anti-Fraud and Corruption Policy Statement and the refreshed Anti-Fraud and Corruption Strategy.

2. Recommendations

Members are recommended to:

- 2.1 Approve the Anti-Fraud and Corruption Policy Statement.
- 2.2 Note the updated Anti-Fraud and Corruption Strategy.

3. Background

- 3.1 Audit and Governance committee has responsibility for overseeing the Council's arrangements to counter the threat of fraud and corruption.
- 3.2 Internal Audit undertook a piece of work to review the Council's arrangements for the prevention of fraud via a benchmarking exercise against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This piece of work highlighted the need for the Council to have an explicit Anti-Fraud and Corruption Policy Statement and to update its Fraud and Corruption Strategy. This report presents both those documents, attached at Appendix A.

4. Anti-Fraud and Corruption Policy Statement and Strategy

- 4.1 Fraud remains a major issue facing the United Kingdom, and Local Government is not immune from this. It is estimated that the total annual loss from fraud against public bodies is in the region of £38 billion, with the loss to local government estimated to be close to £5.5 billion. The Cabinet Office is

leading on a national initiative to implement processes to deal with this issue on a coordinated approach.

- 4.2 The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and detailed guidance notes which support have provided the framework for the Council's Anti-Fraud and Corruption Policy Statement and refresh of the Strategy. During 2016 Internal Audit undertook a benchmarking review to assess the Council against the Code. The results of this review were presented to Members of Audit and Governance on 15 November 2016
- 4.3 The CIPFA code is based upon the following five principles and the guidance notes provide detailed information on the implementation of each.
- Acknowledge the responsibility of the governing body for countering fraud and corruption.
 - Identify the fraud and corruption risks.
 - Develop an appropriate counter fraud and corruption strategy.
 - Provide resources to implement the strategy.
 - Take action in response to fraud and corruption.
- 4.4 Work has been undertaken with the National Fraud Initiative, and internal audit have recently undertaken a review of that process to ensure that services are dealing with data matches that were identified.
- 4.5 The Anti-Fraud and Corruption Strategy links to a number of other policies and strategies such as Anti-Money Laundering, Whistle Blowing and Bribery and Corruption. These are scheduled for review during this year.
- 4.6 The Anti-Fraud and Corruption Policy is required to be signed by the Chair of Audit and Governance, the Leader of the Council and the Chief Executive. The Anti-Fraud and Corruption Strategy will be kept under review as good practice develops nationally.

5. Implications

5.1 Financial and Value for Money Implications

An overriding responsibility of the Council is the provision of effective and efficient services in a manner that seeks to ensure the best possible protection of the public purse in its delivery arrangements. The Council is required to have appropriate policies and mechanisms to safeguard the Council's resources and reduce losses to fraud and corruption to an absolute minimum.

5.2 Legal implications

The responsibilities of public sector organisations in relation to the prevention and detection of fraud and error are set out in statute, standards and other guidance. Local Government organisations have a statutory duty to make arrangements for the proper administration of their financial affairs and appoint an officer to have responsibility for the administration of these arrangements.

5.3 **Contribution to Council Priorities**

Anti-Fraud and Corruption arrangements contributes to all our Corporate Priorities by ensuring adequate controls are in place to help ensure corporate priorities are achieved.

5.4 **Risk Management**

The Council as is at risk of loss due to fraud and corruption both from within it and outside. The impact of fraud on the Council can have consequences that are serious and potentially far reaching. Financial loss is the obvious key risk, but the undermining of public confidence that could result from the discovery of a fraudulent or corrupt act can result in much greater damage than the act itself. In order to mitigate this risk the Council needs to be explicit about the way in which fraud will be regarded and dealt with.

5.5 **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • isolation.

6. **Consultation with Others**

None

7. **Access to Information : Background Documents**

Internal Audit assessment based on CIPFA Fraud code of Practice.

8. **Author of the Report**

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9. **Appendices**

Appendix A – Anti Fraud and Corruption Policy Statement and Strategy



Craven District Council

Anti-Fraud and Corruption Policy Statement and Strategy

Approved: Audit and Governance Committee 20 June 2017

Contents	Page
Anti- Fraud and Corruption Policy Statement	3
1. Introduction	4
2. Aims and Scope of this Strategy	5
3. Other Related Policies	7
4. Fraud and Corruption Identification and Response Plan	7
5. Definitions	7
6. Fraud Risk Management	9
7. External Scrutiny	9
8. The Council's Policy on Fraud and Corruption	10
9. Implementing the Council's policy	11
10. Deterrence and Prevention	13
11. Detection	14
12. Investigation	15
13. Sanction and Redress	15
14. Training and Publicity	16
15. Policy Review	17
16. Conclusions	17
Appendix A – Fraud and Corruption Identification and Response Plan - Employees	18
Appendix B – Fraud and Corruption Identification and Response Plan – Member of Public Outside Organisation	21
Appendix C – Fraud and Corruption Identification and Response Plan (Flowchart)	23

Anti-Fraud and Corruption Policy Statement

This statement sets out the Council's policy in relation to fraud and corruption. It has the support of the Council's Audit and Governance Committee, Policy Committee, Full Council and the Corporate Leadership Team.

The Council takes its responsibilities to protect the public purse very seriously and is fully committed to the highest ethical standards, in order to ensure the proper use and protection of public funds and assets.

The public is entitled to expect the Council to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working for it.

We believe that the overwhelming majority of the council's employees, councillors, customers, contractors and suppliers are honest and have no thought to defraud the council. However, we recognise that a small minority will attempt to do just that. Any money lost in this way is money that we cannot spend delivering the critical public services we provide to the citizens of Craven. Fraudsters not only cheat local taxpayers, but they deprive local people of the services they depend upon.

The Council will not tolerate fraud and corruption by its Councillor's, Employees, Suppliers, Service Users, Contractors, Partners or Members of the Public and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, disciplinary action, dismissal and prosecution.

The required ethical standards are included in both our Members Code of Conduct and Employees Code of Conduct.

To fulfil the Council's Strategy, we need to maximise the financial resources available to us. In order to do this, we aim to reduce fraud and misappropriation to zero.

This policy statement is underpinned by an Anti-Fraud and Corruption Strategy, which sets out the key responsibilities with regard to fraud prevention, what to do if fraud is suspected and the action that will be taken by management.

.....
Cllr Chris Harbron
Chair Audit & Governance Committee

.....
Cllr Richard Foster
Leader of the Council

.....
Paul Shevlin
Chief Executive

1 INTRODUCTION

- 1.1 The United Kingdom public sector maintains high standards of probity and has a good reputation for protecting the public purse. Sound systems of public accountability are vital to effective management and in maintaining public confidence.
- 1.2 The Council is determined to protect itself, its employees and the public from fraud and corruption. The Council is committed to establishing and maintaining a strategy for the prevention and detection of fraud and corruption and, where necessary, investigating allegations of fraud and corruption.
- 1.3 The strategy is based upon three key themes: Acknowledge, Prevent and Pursue, and adheres to the Local Government Fraud Strategy: Fighting Fraud Locally. The Strategy adheres to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption 2014 (the code). The code requires leaders of public sector organisations to have a responsibility to embed effective standards for countering fraud and corruption in their organisations in order to support good governance and demonstrate effective financial stewardship and strong public financial management.
- 1.4 There are five key elements of the CIPFA code which link to three key themes contained within the Local Government Fraud Strategy: Fighting Fraud Locally.

CIPFA Elements	Government Themes		
Acknowledge the responsibility of the governing body for countering fraud and corruption – in the council's case – elected members and the corporate leadership team	Acknowledge	Acknowledging and understanding the fraud risks	Assessing and understanding fraud risks
Identify the fraud and corruption risks			Committing support and resource to tackling fraud
Develop an appropriate anti-fraud and corruption strategy	Prevent	Preventing and detecting more fraud	Maintained a robust anti-fraud response
Provide Resources to implement the strategy			Making better use of information technology
			Enhancing fraud controls and processes
	Pursue	Being stronger in punishing fraud and recovering losses	Developing a more effective anti-fraud culture
Take action in response to fraud and corruption			Prioritising fraud recovery and the use of civil sanctions
			Developing capability and capacity to punish fraudsters
			Collaborating with law enforcement (and local authorities)

1.5 The objectives of this document are to:

- provide a clear statement of the Council's position on fraud and corruption;
- minimise the risk to the Council's reputation and loss of its assets;
- promote a culture of integrity and accountability, in members, employees and all those the Council does business with;
- encourage prevention;
- promote detection;
- set out the measures of sanction and redress;
- identify a clear process of investigation raise awareness of the risk of fraud and corruption being perpetrated against the Council.

1.6 To combat fraud and corruption the Council's strategy is based on a series of comprehensive procedures. These cover:

- Policy Statements (Sections 8 and 9);
- Deterrence and Prevention (Section 10);
- Detection, Investigation, Sanctions and Redress (Sections 11, 12 and 13); and
- Publicity and Training (Section 14)

1.7 This document is a corporate strategy applying to all of the Council's Members, Employees and other organisations acting on behalf of the Council. It should be noted however, that given the scale of the Council's Housing Benefit and Council Tax Benefit activities and the existence of a legislative framework specific to them, the Council has already produced and adopted a separate Anti-Fraud Strategy and Prosecution Policy for that area.

2 AIMS AND SCOPE OF THIS STRATEGY

2.1 This strategy aims to:

- provide an understanding of the Council's stance on fraud and corruption in relation to the Council's activities, Members, employees and those undertaking the Council's business;
- encourage Members, employees, those undertaking the Council's business and the public to feel confident in raising serious concerns and the question and act upon concerns about practice; and
- provide mechanisms for concerns to be raised and dealt with confidentially.

2.2 The Strategy satisfies the legislative requirements of having effective arrangements for tackling fraud and conforms with professional guidance laid down in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government.

- 2.3 This Strategy does not compromise the Councils commitment to equal opportunities or the requirements of the Human Rights Act 1998 and other relevant statutory provisions.

3 OTHER RELATED POLICIES

3.1 There is an inter- relationship between this strategy and other existing Council documents which include:-

- Corporate Prosecutions & Sanction Policy
- Anti-Money Laundering Policy
- Whistle-blowing Policy
- Anti-Bribery Policy
- Members Code of Conduct
- Employee Code of Conduct
- Contract Procedure Rules
- Financial Procedure Rules
- Disciplinary Procedures

4 FRAUD AND CORRUPTION IDENTIFICATION AND RESPONSE PLAN

- 4.1 The Council has developed an identification and response plan for reporting of suspicion of fraud or corruption.
- 4.2 The flowchart attached (**Appendix C**) provides an outline of the procedures to be undertaken to allow for evidence gathering and collation of information which will allow initial decisions to be taken whilst ensuring that the evidence gathered will be admissible in any future disciplinary, criminal or civil action. Obviously each situation is different, therefore the guidance in the flowcharts will need consideration and review in relation to the actual circumstances of each case before action is taken.

5 DEFINITION OF FRAUD AND CORRUPTION

- 5.1 Fraud has been defined as: *the intentional distortion of financial statements and other records by persons internal or external to the Council which is carried out to conceal the misappropriation of assets or otherwise for gain.* (Source: Audit Commission).
- 5.2 Put simply, fraud is an act of deception intended for personal gain or to cause a loss to another party.
- 5.3 Fraud is deemed to include theft for the purpose of this Strategy. A person is guilty of theft if he or she dishonestly appropriates property belonging to the Council with the intention of permanently depriving the Council of it; and 'theft' and 'steal' shall be construed accordingly.
- 5.4 These activities are offences under either the Theft Act 1968, Criminal Justice Act 1987 and Fraud Act, 2006.
- 5.5 Corruption has been defined as: *the offering, giving, soliciting or acceptance of an inducement or reward, which may influence a person to act against the interests of the organisation.* (Source: Audit Commission).

- 5.6 Put simply corruption is the deliberate misuse of a position for direct or indirect personal gain. This includes offering, giving requesting or accepting a bribe or reward, which influences actions or the actions of someone else. The Bribery Act 2010 makes it possible for individuals to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe.
- 5.7 The act also created the Corporate Offence of “Failing to prevent bribery on behalf of a commercial organisation” (corporate liability). To protect itself against the corporate offence, the Act requires an organisation to have “adequate procedures in place to prevent bribery”.
- 5.8 Corruption in the public sector is an offence under the Prevention of Corruption Acts of 1889, 1906, and 1916.

6 FRAUD RISK MANAGEMENT

- 6.1 Areas most commonly at risk from fraud, both internal and external, include those involving the handling of any asset of an attractive and portable nature. Typical high risk areas include cash, cheques, credit cards, contracts, income, payments, expense claims, housing benefits, loans, investments, payroll, grants and stores including fuel.
- 6.2 Areas where corrupt practices may be found, but are not limited to: the award of permissions, planning consents and licences, canvassing for appointments, hospitality, interests of members and officers, secondary employment which may influence an employees work for the Council, pressure selling, tendering and award of contracts, settlement of contractors' final accounts and claims and the disposal of assets.
- 6.3 The risk of fraud and corruption is reflected in the Council's Risk Register. The risk registers link to the Council's Priorities through Annual Service Plans.
- 6.4 The Council's Risk Management processes require managers to identify mitigating actions for risks and to keep these under review. Assurance that the controls to mitigate the risks are in place and operating satisfactorily is obtained annually.

7 EXTERNAL SCRUTINY

- 7.1 The Council is aware of the high level of external scrutiny of its affairs by a variety of bodies and individuals including:
- Local residents
 - Pressure groups
 - Service users
 - Local press
 - The Audit Commission
 - External Audit
 - Government Departments and Agencies
 - HM Revenue and Customs
- 7.2 The adoption of a formal anti-fraud and corruption strategy will provide a degree of assurance to those external bodies and individuals interested in the Council's activities.

8 THE COUNCIL'S POLICY ON FRAUD AND CORRUPTION

8.1 In relation to fraud and corruption, it is the Council's policy to:-

- Develop an Anti-Fraud Culture by raising awareness of fraud and corruption
- Encourage prevention of fraud, and corruption by implementing the Anti-Fraud and Corruption Strategy and related procedures
- Encourage detection of fraud by participating in the Audit Commission's National Fraud Initiatives (NFI) and also by undertaking local proactive exercises where fraudulent practices could occur
- Investigate substantiated complaints in a confidential and fair manner
- Impose sanctions as appropriate by invoking disciplinary proceedings and, where considered necessary, referral to Police or other outside agencies
- Redress the impact by seeking to recover losses to the Council through the criminal or civil courts or both, as necessary.

9 IMPLEMENTING THE COUNCIL'S POLICY

Developing an Anti-Fraud Culture

- 9.1 The Council is committed to discouraging, preventing and detecting fraud and corruption where attempted on, or from within, the Council's organisation.
- 9.2 The Council expects Members and employees at all levels to be aware of the standards of conduct expected of them and the procedures designed to reduce the risk of fraud and corruption occurring.
- 9.3 Members and employees are responsible for their own conduct and compliance with this strategy and are required to comply with their respective codes of conduct.
- 9.4 There is an expectation and requirement that individuals, suppliers and organisations associated in whatever way with the Council will act with integrity, and that Members and council employees will lead by example.

Council Members

- 9.5 Council Members are positively encouraged to raise any concerns on fraud and corruption matters via the Council's Internal Auditor, the Section 151 Officer, Monitoring Officer or Chief Executive.
- 9.6 They can do this in the knowledge that such concerns will be treated in confidence and properly investigated.

Council Employees

- 9.7 Council employees are positively encouraged to raise any concerns on fraud and corruption matters normally, but not exclusively, through their Line Manager. They can do this in the knowledge that such concerns will be treated in confidence and properly investigated.
- 9.8 If necessary concerns can be reported directly to one of the following
 - the relevant Strategic Manager or Director of Services
 - Internal Audit
 - Chief Executive
 - Strategic Manager – Financial Services (Section 151 Officer),
 - Monitoring Officer
- 9.9 The Council has drawn up a separate policy and procedure to deal with any area of concern that an employee may wish to bring to the attention of the management: the **"Whistleblowing Policy."**

9.10 The primary responsibility for maintaining sound arrangements to prevent and detect fraud and corruption rests with management. Any manager made aware of suspected fraud and corruption will adopt defined procedures by:

- Dealing promptly with the matter;
- Recording all evidence received;
- Ensuring that evidence is sound and adequately supported;
- Ensuring security of evidence collected;
- Notifying the Section 151 Officer, and the Council's Monitoring Officer; and
- Implementing Council disciplinary procedures where appropriate.

9.11 Any abuse of this process by knowingly raising unfounded and/or malicious allegations may be dealt with as a disciplinary matter.

9.12 The Council can be expected to deal swiftly and thoroughly with any Council Member or employee who defrauds or attempts to defraud the Council or who is corrupt.

Members of the Public

9.13 Members of the public are also encouraged to report concerns through any of the above avenues. The principles and processes described in this Strategy and its Appendices, and the Council's **Whistleblowing Policy**, will be applied to any concerns formally reported by members of the public.

Monitoring

9.14 The Section 151 Officer will monitor the effectiveness of all aspects of the arrangements for the anti-fraud and corruption culture including the approach to investigations, success of sanctions and processes for recovering loss. On a risk basis, the Section 151 Officer will make informed judgements about the levels of budgetary investment in work to counter fraud and corruption.

9.15 The Audit and Governance Committee's terms of reference require them to monitor Council policies on confidential reporting, anti-fraud and anti-corruption.

10 DETERENCE AND PREVENTION

- 10.1 The effectiveness of the Council's financial arrangements will have a major bearing on its ability to minimise fraud and corruption. To actively prevent fraud the Council must identify and remove the opportunity to commit crime from new policies and systems and to revise existing ones to remove apparent weaknesses.
- 10.2 As the appointed officer under 'Section 151' of the Local Government Act, 1972 and the Accounts and Audit Regulations 1983, 1996 and 2003 responsible for making arrangements for the proper administration of the Council's financial affairs, the Chief Financial Officer (Section 151 Officer) is required to:
- Maintain an effective accounting system;
 - Comply with statutory financial reporting deadlines; and
 - Maintain an adequate and effective internal audit.
- 10.3 The Regulations also require the Council to ensure that it has adequate and effective financial management and sound governance arrangements which include the system of internal control. It must review the system annually and publish a statement with its accounts. External audits are carried out by Council's external auditors in accordance with the Audit Commission Act 1998 and the Accounts and Audit Regulations 2011. The External Auditor undertakes a planned programme of work across the Authority, including an annual review of the Authority's arrangements for preventing and detecting fraud and corruption. The External Auditor presents an annual report on coverage and key findings to the Audit and Governance Committee and Council.
- 10.4 The Council's Financial Instructions require the Section 151 Officer to maintain a planned continuous internal audit to form part of the system of internal control, assist in the protection of the Council's assets and the detection and prevention of fraud and error. In consultation with the internal and external audit managers, special attention within audit plans is paid to those activities particularly exposed to the risk of fraud and corruption (**Section 6**)
- 10.5 The adequacy and appropriateness of the Council's financial systems is independently reviewed by both internal and external audit. Senior management are required to be responsive to audit recommendations.
- 10.6 The Internal Audit Manager will communicate to the appropriate managers, on a timely basis, the details of any fraud bulletins (warnings) received from the external auditor and any other source to ensure safeguards are in place.
- 10.7 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Employee recruitment procedures therefore require written references regarding known honesty and integrity of potential employees to be obtained before employment offers are made.

- 10.8 Council employees are expected to follow any **Code of Conduct** related to their employment or to their professional bodies or qualifications. This will be emphasised in employee induction procedures.
- 10.9 All members of the Council are required under the Council's Code of Conduct to notify the Council's Monitoring Officer of any offers of gifts or hospitality as specified in the code, which are in any way related to the performance of their duties to the Council.
- 10.10 Council employees are required to notify the Council's Monitoring Officer of offers of gifts or hospitality in any way related to their employment.
- 10.11 Any relevant pecuniary interests which, if publicly known, could be perceived as being likely to interfere with independent judgement, must also be notified to, and recorded by, the Monitoring Officer.
- 10.12 The Council will liaise and co-operate with other interested agencies and authorities, including the Audit Commission, Department for Work and Pensions, the Police, professional bodies, and other local authorities, by, for example, exchanging information on current trends and remedies.

11 DETECTION

- 11.1 Prevention systems, particularly internal control systems, within the Council have been designed to detect any fraudulent activity.
- 11.2 It is often the alertness of Council employees and the public to such indicators or indications of fraud that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.
- 11.3 Despite the best efforts of managers and auditors, many frauds are discovered by chance or 'tip off', and the Council has in place arrangements to enable such information to be properly dealt with as set out in the **Whistleblowing Policy** and the **Fraud, and Corruption Identification and Response Plan at Appendix C**.
- 11.4 Other methods of detection will be employed, on a risk basis, by Internal Audit and Benefit Fraud Officers. These will include analytical intelligence techniques and the sharing of information, within the data protection rules, with other agencies both locally and nationally. Examples of bodies involved in sharing such intelligence are the Audit Commission National Fraud Initiative, Benefit Agency, other Yorkshire local authorities.

12 INVESTIGATION

- 12.1 An **Investigating Officer** will be appointed by the Chief Executive and/or Section 151 Officer for fraud or corruption investigation (this is normally, but not limited to, the Internal Audit Manager).
- 12.2 The detailed **Fraud and Corruption Identification Response Plan – Appendix C** outlines the steps to be taken during Reporting, Investigation and Action stages.
- 12.3 Depending on the nature and anticipated extent of the allegations, the Investigating Officer will normally work closely with management and other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported upon.
- 12.4 Any control weaknesses identified by an investigation must be reported to the relevant manager to allow improvements to be made that will ensure that the opportunity for further fraud or corruption is reduced.

13 SANCTIONS AND REDRESS

- 13.1 The Council's **Disciplinary Procedures** will be used where the outcome of the Audit Investigation indicates improper behaviour.
- 13.2 In cases where financial impropriety is discovered, the Council will normally request the Police and Crown Prosecution Service to assess the evidence and make the decision to prosecute or not.
- 13.3 The Council will always seek to recover any losses incurred as a result of fraud or corruption, wherever this is practical, including the use of the civil law if appropriate. Losses will be calculated using professional statistical methodology for making accurate estimates, building in a proper level of independent valuation as required.

Investigations Not Involving Fraud or Corruption

- 13.4 The investigation process related to the Council's **Disciplinary Procedures** will only be **used** for enquiries where no fraud or corruption is suspected.
- 13.5 The HR Manager will outline any investigations undertaken under the Disciplinary Procedures to the Section 151 Officer; Monitoring Officer and Internal Audit Manager, on a regular basis.

14 TRAINING AND PUBLICITY

- 14.1 The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and awareness and responsiveness of employees throughout the organisation through publication.

Training

- 14.2 All employees involved in fraud work should be properly and regularly trained in all aspects of it. The training plans produced annually as part of the Council's appraisal system will reflect this requirement and include both internal and external training provision as appropriate.
- 14.3 The Council supports the concept of induction and subsequent training for all employees in this area, but particularly for employees involved in internal control systems to ensure that their responsibilities and duties are regularly highlighted and reinforced. This can be linked with training and awareness of other key documents such as the Whistleblowing Policy and Anti-Money Laundering Policy.
- 14.4 The possibility of disciplinary action against employees that ignore such training and guidance is clear.

Publicity

- 14.5 Methods of publication of the Strategy and Response Plan will be sought, with the clear goal of ensuring that all employees are aware of the zero tolerance culture and targeting those officers in areas of high risk of fraud loss. Potential communication channels include:
- The Council's Website;
 - The Council's Intranet Folders;
 - Members' Information Bulletin; Core brief;
 - Promotional sessions at section team meetings; and
 - Information accompanying payslips;

15 POLICY REVIEW

- 15.1 The Council has in place a clear network of systems and procedures to assist in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- 15.2 To this end, the Council maintains a continuous overview of such arrangements through, in particular, its Section 151 Officer and its Internal and External Auditors and through the probity role of the Monitoring Officer.
- 15.3 This policy will be reviewed annually by the Section 151 Officer or at the specific request of the Council's Monitoring Officer. It will be updated in accordance with CIPFA best practice or other appropriate guidance.

16 CONCLUSIONS

- 16.1 The Council has in place a robust network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation or related responsibilities. To this end, the Council maintains a continuous overview of such arrangements.
- 16.2 The Anti-Fraud and Corruption Policy provides a comprehensive framework for preventing and tackling fraudulent and corrupt acts against the authority. The approval of the Policy by the full Council demonstrates a commitment to protecting public funds and minimising losses to fraud and corruption. Having made this commitment, it is imperative that Corporate Leadership Team (CLT) and Strategic Managers put in place arrangements for disseminating the Policy and promoting fraud awareness, throughout their services.

Fraud and Corruption Identification and Response Plan Employees and Members

Suspected fraud or corruption may be discovered in a number of ways. It is important that in all cases employees are confident that they are able to report their concerns and are aware of the procedures for doing so. The following details what you should do if you suspect fraud or corruption.

Council Employees

1. Convey your suspicions either:-

a) To your Line Manager

Report the incident to their Line Manager as a matter of urgency. Line managers should establish as many details as possible by discussion with the notifying officer. It is important that this is done immediately to ensure that the record of the incident is as accurate as possible.

(If necessary concerns can be reported directly to the relevant Strategic Manager or Director of Services)

The manager should formally report the incident to the Strategic Manager – Financial Services (Section 151 Officer) or Internal Audit without delay. The Council's Monitoring Officer also needs to be informed of any actual or suspected breach of the law or codes of practice. Upon receipt of such notification, these Officers shall take the necessary steps to pursue the allegation. This will usually include one or more of the following actions:-

- request Internal Audit to undertake an investigation into the matter;
- referral to the Police
- referral to the External Auditor

In some cases the notifying individual may prefer to report the suspicion to an independent officer or even to remain anonymous. In these circumstances there are other reporting procedures available as set out below.

b) Council Employees or Members - To the Council's Internal Auditors via the Confidential Reporting

The Council has a '**Whistleblowing Policy**' which provides protection for employees against harassment or victimisation where concerns have been raised in good faith.

Any concerns can be reported via the Shared Audit Service Fraud Hotline number via **01423 500600 extension 58456**

c) Council Employees or Members - Concerns may be raised directly with the Section 151 Officer, Monitoring Officer or Chief Executive.

2. Deal with the matter promptly

If you suspect fraud or corruption, deal with the matter promptly as a delay may cause the Council to suffer further financial losses.

The above demonstrates a number of ways in which your concerns can be raised within the Council. If you are not satisfied with the action taken, you may wish to take the matter outside the Council. The following are possible contact points:-

- A Member of the Council;
- The External Auditor
- Other Regulatory Organisations, e.g. Local Ombudsmen
- Your own Solicitor
- The Police

If you do take the matter outside the Council, however, you need to ensure that you do not disclose confidential information or that disclosure is privileged.

3. Investigating Suspected Fraud

Housing and Council Tax Benefits

Refer to separate document Benefit Fraud and Prosecutions Policy.

All other Suspected Fraud

If a fraud is suspected it is critical that the investigation is conducted promptly and in a professional manner to ensure that the interests of both the individual and the Council are protected. In the case of the Council there is the need to protect the council from potential losses and in the case of the individual a suspicion should not be seen as guilt which must be proved.

For each reported case the Manager concerned should consider the following courses of action:

- Involve the Council's Monitoring Officer if a breach of the law, code of conduct or maladministration is suspected or has occurred;
- Initially assess whether there is a need for any employee to be suspended in accordance with the Council's Disciplinary Procedure, and liaise with the employees' Union if applicable;
- Identify a course of action (what, who, when, how, where);
- Identify the reporting process (who by, to whom, when and how) to ensure the strict confidentiality is continuously maintained;
- Bring the matter to the attention of the Chief Executive and Leader of the Council when fraud is evident; and
- For all Fraud and Corruption cases determine whether these will be investigated internally or referred to the Police for investigation.

- For cases which are investigated internally an investigating officer will be appointed by the Chief Executive and/or Section 151 Officer (normally, but not limited to the internal audit manager), who must have regard to the disciplinary procedures at all stages of the investigation. Investigations shall be conducted in accordance with the procedures set out in Fraud and Corruption Identification and Response Plan set out at **Appendix C**.

Liaison with External Audit and the Police

The Council has a duty to report all frauds to their external auditors to allow them to take a view on the Council's control environment and the potential impact on their opinion to the statement of accounts. The Section 151 Officer will do this at the earliest opportunity where the fraud is significant and for all other fraud annually in line with the external auditor's requirements.

Police

The experts at investigating fraud are the Police. The Crown Prosecution Service will also make a decision as to whether or not a prosecution is to be initiated. Initial contact with the Police should only be undertaken following discussion between the Section 151 Officer, the Investigating Officer, the Monitoring Officer, and the Chief Executive. It is the policy of the Police to welcome early notification of suspected fraud.

If the Police decide that formal investigation is necessary, all employees should co-operate fully with any subsequent requests or recommendations. All contact with the Police following their initial involvement will usually be via the Investigating Officer. Where the Police decide to formally investigate this will not prejudice any internal disciplinary procedures; these should continue as normal. However, the internal investigation and the Police's should be co-ordinated to make maximum use of resources and information.

Outcomes

Outcomes will be dependent upon the evidence and conclusions of the investigation and are:

- Implementation of Disciplinary proceedings (under the **Disciplinary Procedure**);
- Criminal Prosecution;
- Civil Prosecution;
- Exonerate person(s) concerned; and/or
- Take no further action.

Where appropriate the loss to the Council may be calculated to enable redress to be sought. Recommendations may be made to managers to improve systems where weaknesses have been identified during the course of the investigation.

Liaison with Audit and Governance Committee and Standards Committees

The Audit and Governance Committee and the Standards Committee both perform important roles in overseeing the Council's Code of Conduct; governance framework; and anti-fraud and anti-corruption arrangements. The Chairman and Vice Chairman of both Committees will be notified of the outcomes of investigations carried out under this **Anti-Fraud and Corruption Strategy**.

Fraud and Corruption Identification and Response Plan Member of the Public/Outside Organisation

The following details what you should do, if you are a member of the public or outside organisation and suspect fraud or corruption.

1. Make a note immediately of your concern

Note all relevant details such as what was observed, details of conversations, the date, time and name of parties involved. **Do not** attempt to investigate the matter yourself.

2. Convey your suspicions in writing marked **PRIVATE AND CONFIDENTIAL - TO BE OPENED BY ADDRESSEE ONLY** to the Council's Chief Executive or Monitoring Officer as follows:

The Chief Executive
Craven District Council
1 Belle Vue Square
Broughton Road
Skipton
North Yorkshire
BD23 1FJ

The Monitoring Officer
Craven District Council
1 Belle Vue Square
Broughton Road
Skipton
North Yorkshire
BD23 1FJ

3. If the suspected fraud relates Housing or Council Tax Benefit, notify your suspicions in writing marked **PRIVATE AND CONFIDENTIAL - TO BE OPENED BY ADDRESSEE ONLY** to:-

The Revenues and Benefits Manager
Craven District Council
1 Belle Vue Square
Broughton Road
Skipton
North Yorkshire
BD23 1FJ

Alternatively, telephone the Council's Fraud Hotline number on 01756 706388

You may also report Benefit Fraud online via the Council's website www.cravendc.gov.uk or email controlteam@cravendc.gov.uk

Alternative Contacts

The above demonstrate a number of ways in which your concerns can be raised confidentially to the Council. If you are not satisfied with the action taken, or you wish to contact someone other than the Officers above, you may wish to take the matter outside the Council. The following are possible contact points:

- A Member of the Council see www.cravendc.gov.uk for Councillor (Member) contact details.

- The External Auditor

Mazars LLP
Rivergreen
Aykley Heads
Durham
DH1 5TS

Tel: 0191 383 6300

- Other Regulatory Organisations e.g. Local Ombudsmen

The Local Government Ombudsman
PO Box 4771
Coventry
CV4 0EH

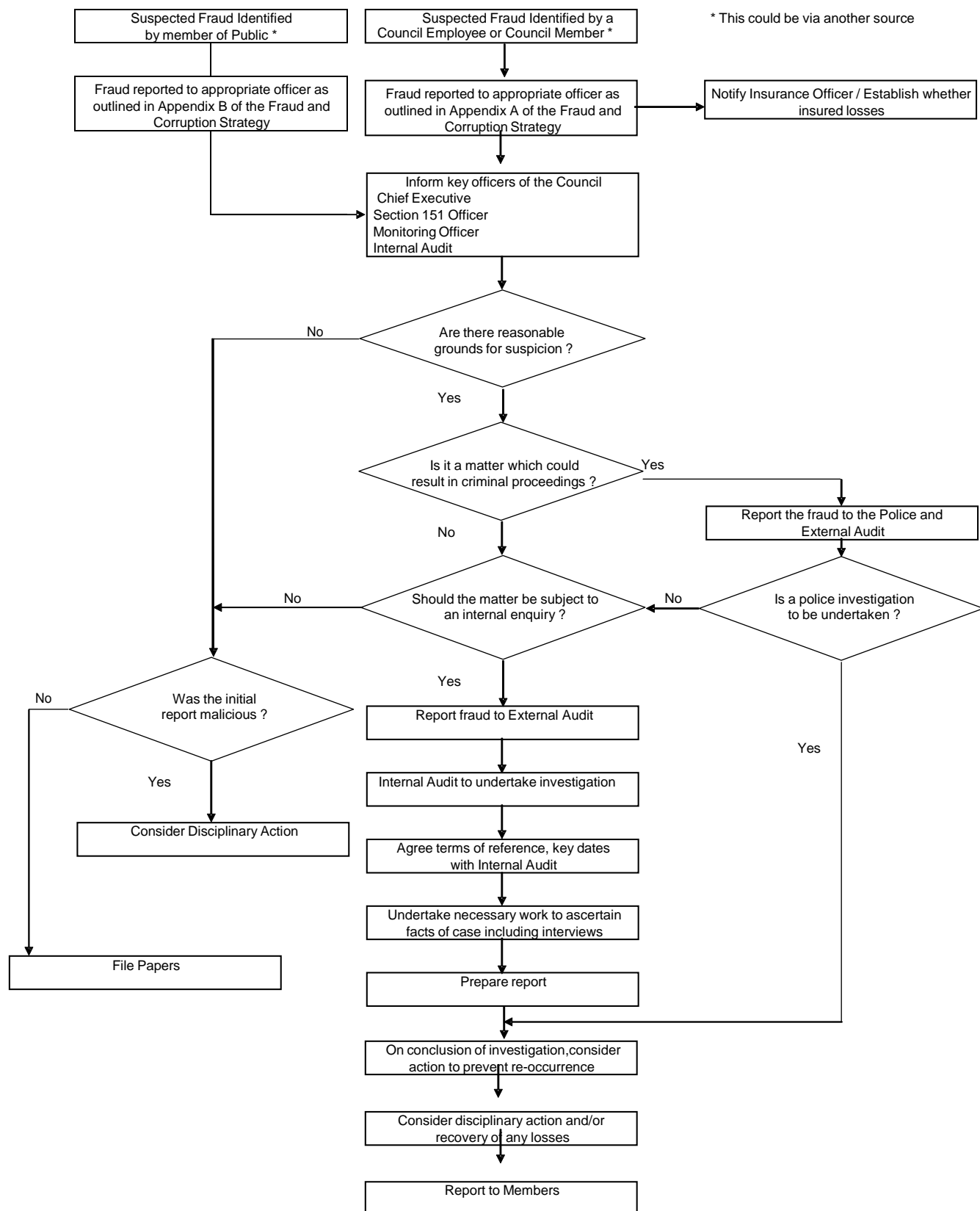
Tel: 0300 0610614

Fax: 024 7682 0001

Website: www.lgo.org.uk

- Your own Solicitor
- The Police - Tel: 0845 60 60 24 7 (North Yorkshire Police)

Craven District Council - Fraud and Corruption Identification and Response Plan





If you would like this information in a way which is better for you, please telephone 01756 700600.

Craven District Council
1 Belle Vue Square
Broughton Road
Skipton
North Yorkshire
BD23 1FJ

Tel: 01756 700600

Email: contactus@cravendc.gov.uk

Website: www.cravendc.gov.uk



INVESTOR IN PEOPLE

Appendix A

Projects across Craven to be awarded Ward Member Grant Funding 2016-17

<u>Details of Project</u>	<u>Amount Awarded</u>	<u>Councillors/s awarding funding</u>
Just Sing Skipton (Singing for Dancing Project)	£280.00	Clr Dawson
Trial of provision of Wi-Fi to Hellifield Institute	£435.82	Clr Moorby
Updating toilet/changing facilities Gargrave Village Hall	£743.16	Clr Sutcliffe
Inclusive Play Equipment - Sutton Park	£1250.00	Clr Morrell Clr Place
Craven Angling club - restocking coarse fish at Whinny Gill reservoir. Craven Angling Club	£1000.00	Clr Solloway Clr Heseltine
Age Concern Bentham Xmas Party	£200.00	Clr Brockbank
Taster of all sports provided by Craven Sport & Community Fayre at Sandylands Sports Centre	£250.00	Clr Heseltine
Prepare to Succeed (Supported Volunteering)	£350.00	Clr Dawson
SELFA Greatwood Community Sports	£250.00	Clr Heseltine
SELFA North Craven Holiday Activities	£550.00	Clr Brockbank Clr Thomson
Ingleton Folk Weekend 2016	£200.00	Clr Ireton
Settle Community Library	£250.00	Clr Hull
Settle Wheelers - Go Ride (Junior Section)	£450.00	Clr Hull Clr Staveley
Settle Photographers Exhibition (SPACE)	£400.00	Clr Hull Clr Staveley
The Great Escape Dig at Raikeswood Camp, Skipton	£920.00	Clr Whitaker Clr Dawson Clr Graham
Cracoe Village Signs	£250.00	Clr Pighills
Refurbishment of Pet Sanctuary Building for Bentham & District	£400.00	Clr Brockbank Clr Thomson
Flood Prevention Work - Crosshills FC	£500.00	Clr Baxendale
Bradley Village Newsletter	£390	Clr Fairbank Clr Mulligan
Notice Board for Draughton Village Hall	£150.00	Clr Pighills
Studio 1 – animation workshops across Craven	£1,900.00	Clr Brockbank Clr Hull

Appendix A

		Cllr Madeley Cllr Mercer Cllr Moorby Cllr Myers Cllr Rose Cllr Solloway Cllr Staveley Cllr Thompson
Knit and Natter (New 2 U Community Project) Cowling	£110.00	Cllr Mercer
Fallfest - Sept 2017 (cost of PA equipment) Glusburn, Crosshills and surrounding villages	£690	Cllr Barrett Cllr Mercer
Upper Wharfedale Arts & Literature Society	£250.00	Cllr Graham
Gargrave Defibrillator	£150.00	Cllr Myers
Woodland Wildlife - Lothersdale ward	£375.00	Cllr Fairbank
Thornton in Craven Defibrillator	£1,000.00	Cllr Mason
Repairs to store room at Hebden Institute	£100.00	Cllr Foster
Installation of Defibrillator - Barden Parish	£250.00	Cllr Pighills
Long Preston Village Hall - Improvement to lighting	£350.00	Cllr Moorby
Craven Mosaic and Crafts Group	£250.00	Cllr Morrell
Long Preston & Hellifield Guides - Purchase new tent	£110.00	Cllr Moorby
Ingleton Swimming Pool - Equipment	£300.00	Cllr Lis
Neville's Kitchen – Gargrave Village Hall	£606.84	Cllr Myers Cllr Sutcliffe
Buddies Support Group – holiday scheme for children with special educational needs across Craven	£700.00	Cllr Barrett Cllr Solloway
Replacement of communal benches in Appletreewick	£150.00	Cllr Pighills
Settle Pool Publicity & Communication	£300.00	Cllr Hull Cllr Staveley
Purchase of Projector & Dongal - Farnhill Parish Council	£350	Cllr Fairbank Cllr Mulligan
Skipton Community Orchestra	£319.80	Cllr Whitaker
Skipton Music	£650.00	Cllr Habron Cllr Pighills Cllr Whitaker
Bradley Village Marquee	£630.00	Cllr Mulligan
Ingleton Skatepark	£1500.00	Cllr Ireton Cllr Lis
Floodlights for Sutton Bowling Green	£500.00	Cllr Morrell
Burnside & Keighley Road Residents Association Skipton	£300.00	Cllr Madeley Cllr Rose
Grassington Festival	£850.00	Cllr Foster
Broughton Road Community Centre, Skipton	£400.00	Cllr Madeley

Appendix A

		Cllr Rose
South Craven Information Booklet for older people	£200.00	Cllr Barrett
Disabled Parking Places for Settle Pool	£400.00	Cllr Welch
Refurbishing chairs for Embsay Village Hall	£1,000.00	Cllr Shuttleworth
Giggleswick Gardening/ Riverside Path/Cycleway Project	£150.00	Cllr Welch
Voices of Craven – mass community choir involving rural communities across Craven	£525.00	Cllr Hull Cllr Welch
Refurbishment of Hellifield Institute Roof	£300.00	Cllr Myers
Skipton Cricket Club - relocation of cricket square	£950.00	Cllr Habron Cllr Rose
Bentham Community Bonfire & fireworks	£500.00	Cllr Brockbank Cllr Thomson
Longstaffe's Educational Foundation Concert High and Low Bentham	£200.00	Cllr Thomson

APPENDIX B - Comparison of Community Grants v Ward Member Grant Distribution

		Small & Medium Community Grants 2010/11 - 2014/15	No of Ward Members		Ward Member Grant Allocated 2016-17	
Ward	Population	Total		Per Head	Total	Per Head
Cowling	2360	£ -	1	£ -	£ 1,000.00	£0.42
West Craven	1900	£ 500.00	1	£ 0.26	£ 1,000.00	£0.53
Barden Fell	1670	£ 500.00	1	£ 0.30	£ 1,000.00	£0.60
Penyghent	1930	£ 1,500.00	1	£ 0.78	£ 1,000.00	£0.52
Upper Wharfedale	1840	£ 2,413.00	1	£ 1.31	£ 500.00	£0.27
Hellifield & Long Preston	2170	£ 4,833.00	1	£ 2.23	£ 1,296.00	£0.45
Settle & Ribblesbanks	3620	£ 7,513.00	2	£ 2.08	£ 1,675.00	£0.46
Gargrave & Malhamdale	3050	£ 7,200.26	2	£ 2.36	£ 1,700.00	£0.66
Aire Valley with Lothersdale	3630	£ 2,200.00	2	£ 0.61	£ 1,725.00	£0.48
Glusburn & Crosshills	4000	£ 9,494.00	2	£ 2.37	£ 1,500.00	£0.38
Sutton in Craven	3820	£ 5,000.00	2	£ 1.31	£ 2,000.00	£0.52
Skipton	14680	£ 24,995.50	8	£ 1.70	£ 6,119.80	£0.42
Ingleton & Clapham	3780	£ 14,688.34	2	£ 3.89	£ 2,000.00	£0.53
Embsay with Eastby	1900	£ 4,900.00	1	£ 2.58	£ 1,000.00	£0.53
Bentham	3630	£ 10,147.00	2	£ 2.80	£ 2,000.00	£0.55
Grassington	1560	£ 2,700.00	1	£ 1.73	£ 950.00	£0.61
Total	55540	£ 98,584.10		£ 1.78	£ 26,465.80	£0.50

Less than half the average	
Between half and average	
Average	
More than average	
More than double average	

Audit and Governance Committee – 20th June 2017

Report of Ward Member Grants Awarded



Report of the Chief Executive

Lead Member: Councillor Linda Brockbank

Ward(s) affected: All

1. **Purpose of Report** – To report back to Members on which projects across Craven have been awarded Ward Member Grants and how the grants have been allocated across each Ward during 2016-17.
2. **Recommendations** – Members are recommended to:
 - 2.1 Note the contents of the report
3. **Report**
 - 3.1 **Background**
 - 3.2 The Ward member Grant Scheme was introduced in 2016/17 and each Member was allocated funding of £1,000. The finding for small and medium community grants were combined with Ward Member grants giving an overall budget of £30,000. Half of this budget was funded from the revenue budget with the remaining £15,000 being for the one year pilot and funded from the New Homes Bonus. (Minute POL.716)
 - 3.3 A full list of the projects to receive funding is given in Appendix A.
 - 3.4 Compared to the Community Grants programme there has been a better geographical spread of projects across the district receiving funding. Every ward in district has benefited from the funding and more grass roots type projects have received funding who wouldn't necessarily have applied to the Community Grants pot in the past. A comparison can be found at Appendix B.
 - 3.5 A review of the Ward member Grant Scheme was taken to Policy Committee on 6th June 2017 and subject to Full Council approval on 1st August 2017 the following recommendations were taken forward:
 - That approval is given to run the scheme in 2017/18 in place of the community grants programme.

- That, a cap of £2k is introduced for the maximum amount of funding jointly awarded by Councillors.
- That, a budget of £30k for the scheme which is £1k per Councillor and a supplementary estimate of £15k to be funded from the New Homes Bonus is approved.

4. **Implications**

4.1 **Financial Implications**

£15k has been included in the revenue budget for 2017-18 for the Ward Member Grants Programme.

£15k funded from the New Homes Bonus. Please note this funding is time limited and will only continue whilst the Council continues to receive New Homes Bonus.

4.2 **Legal Implications** – The Council is empowered under the Localism Act 2011 (General Power of Competence) to authorise expenditure benefiting local communities.

4.3 **Contribution to Council Priorities** – Ward Member Grants contributes to the Corporate Priority Resilient Communities.

4.4 **Risk Management**

Members may become more likely to receive allegations or complaints against them of misuse of public money. The risk can be mitigated by each member:

- Ensuring the criteria is followed
- Sharing knowledge and information with other members
- Considering the perception some people may have of a decision
- Considering how a decision enhances, not detracts from the Council's reputation.
- Avoiding making funding decision at pre election periods as stated in application process

4.5 **Equality Analysis**

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure when first taken to Members in 2016-17 identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation,

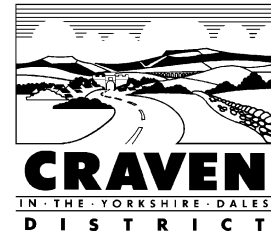
6. **Access to Information : Background Documents** – N/A

7. **Author of the Report** – Sharon Hudson, Communications and Partnerships Manager Email: shudson@cravenc.gov.uk Tel No: 01756 706246

Note : Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

8. **Appendices**
Appendix A – Projects across Craven to be awarded funding
Appendix B – Comparison of Community Grant spend v Ward Member Grant Distribution

Audit and Governance Committee – 20 June 2017



Exemptions Granted under Contract Procedure Rules

Report of the Strategic Manager Financial Services

Ward(s) affected: All

1.0 Purpose of Report – To report on the exemptions granted from the Council's Contract Procedure Rules from February 2017 to June 2017

2.0 Recommendations –

2.1 Members are requested to note the exemptions granted from the Council's Contract Procedure Rules

3. The Report

3.1 Under the Contract Procedure Rules it is recognised that under certain circumstances there are occasions when it's appropriate not to seek tenders or quotations provided that an alternative method of selection can demonstrate value for money. On other occasions quotations are sought but insufficient responses are received.

3.2 Under the contract Procedure Rules there is one current named circumstance under which a responsible officer may seek exemption from the normal procedures.

3.3 The responsible officer seeking an exemption must obtain the prior approval of the Solicitor to the Council & Monitoring Officer and the Chief Financial Officer. The exemptions granted must then be reported to Audit & Governance Committee.

3.4 In the five month period February 2017 to June 2017 there has been one exemption granted. A summary of the exemption can be found at Appendix A and Members are requested to note these.

4. Financial Implications – There are no financial implications associated with this report.

5. Legal Implications – None.

6. Contribution to Corporate Priorities –

Procurement contributes to council values by ensure all services and products required deliver value for money.

7. **Risk Management** – There are no risks arising as a direct result of this report.

8. **Consultations with Others** none

9. **Access to Information: Background Documents** – Exemption reports

10. **Author of the Report** – Matt Butterworth, Procurement Officer

Tel No: 01756 7066367

E-mail: mbutterworth@cravendc.gov.uk

11. **Appendices** – Appendix A – Summary of exemptions granted under CPR 6.2
Appendix B – Homeless Prevention Project Exemption Request Form

Appendix A

Summary of Exemptions granted from tendering under CPR 6.2 of Craven District Council's Contract Procedure Rules

February 2017 to June 2017

Number	Date	Description	value	Exemption
1	5 th April 2017	Homelessness Prevention Project	£162,000	Funding for the Homelessness Prevention Project has been submitted on the basis that the council will work with Horton Housing to deliver the project and with that and technical reasons, Horton are the only provider able to carry out the project in conjunction with CDC in accordance with 6.2 a.

Audit & Governance Committee

20 June 2017



Internal Audit – Implementation of Recommendations

Report of the Corporate Head, Financial Management

Ward(s) affected: All

- 1 **Purpose of Report** – To update committee members on Priority 1 internal audit recommendations outstanding, all those completed in the period and provide a summary of the numbers of Priority 2 and Priority 3 recommendations have not yet been cleared.
- 2 **Recommendations** – Members are recommended to:
 - 2.1 Note the contents of Appendix A – Outstanding Priority One Internal Audit Recommendations and consider inviting responsible officers to the next meeting where appropriate.
 - 2.2 Note the contents of Appendix B – Audit Recommendations Completed in the Period and approve the contents of that Appendix. Recommendations will not be archived before this approval is received together with that of the Audit Services Manager, Shared Audit Service.
 - 2.3 Note the contents of Appendix C - Summary of Outstanding Priority 2 and Priority 3 Audit Recommendations
- 3 **Implications**
 - 3.1 **Financial and Value for Money (vfm) Implications** – as highlighted for individual recommendations in Internal Audit Reports
 - 3.2 **Legal Implications** - none
 - 3.3 **Contribution to Council Priorities** – not applicable
 - 3.4 **Risk Management** – as highlighted for individual recommendations in Internal Audit Reports
 - 3.5 **Equality Analysis** – not applicable
- 4 **Consultations with Others**
Senior Managers/Action Owners
- 5 **Access to Information: Background Documents**
None
- 6 **Author of the Report**
Rebecca Steel, Performance Management Officer
Telephone: 01756 706215
e-mail: rsteel@cravendc.gov.uk

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.
- 8 **Appendices** –
Appendix A – Outstanding Priority 1 Internal Audit Recommendations
Appendix B – Audit Recommendations Completed in the Period
Appendix C – Summary of Outstanding Priority 2 and Priority 3 Audit Recommendations

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Appendix A – Outstanding Priority 1 Internal Audit Recommendations

Priority 1 Recommendations relate to significant gaps in the Internal Control Framework.
Recommendations are included where the original completion date was prior to June 2017.

Source Report	Recommendation Name	Original Target Date	Service Area	Status		Latest Update	Updated by	Date
C6 04 - Bereavement Services - Priority 1	IA 16/17 245 Access levels should be set up on the BACAS system	C6 04 - Jan 2016	Bereavement Services	Amber		All staff need to have the ability to amend data entries and raise credit notes due to the small size of the team. Checks are now in place for raised credit notes and weekly reconciliations are being undertaken. All changes on the Bacas system produce an audit trail, however, additional scripts need to be run to allow the security elements to be activated. Once this has been achieved staff security levels will be reassessed and reset to appropriate levels. No recent progress has been made on this action due to staff sickness within Bereavement Services including the manager. The new staff structure is in the process of being implemented. An anticipated completion date will be determined once the Bereavement Services Development Manager is in post in early June.	HS	10/04/17

Version No			AGENDA ITEM 10(a)				
C6 08 - Physical Security of ICT Equipment and Data - Priority 1	IA 16/17 263 The security and condition of the Engine Shed Lane archive store should be assessed in terms of its adequacy for data storage and appropriate action taken	C6 08 - Mar 2016	ICT	Amber	The report by the internal auditor focused on those documents stored at the Council's depot at Engine Shed Lane (ESL). An inspection of those premises was subsequently carried out, and as previously reported to the Committee, it was accepted that the facilities at that site are unsuitable for the long-term storage of documents. However, the facility at ESL is currently being used as an 'overflow' because of insufficient storage space at the Council's main archive facility in premises at Airedale business park (also known as 'Snaygill'). The review of the ESL facility has therefore prompted a further examination of the Council's overall storage requirements, taking into account the new Records Management Policy. There has also been some consideration as to whether further storage space could be utilised in existing Council premises. These considerations, coupled with the departure of the Council's facilities manager, and appointment of a new post-holder, have given rise to a regrettable delay in completion of the now broader review. An initial scoping exercise has now been commenced, which has given rise to doubts about the suitability of either premises for the storage of the Council's important documents, and therefore quotations are being obtained from accredited companies which will provide options for the Council to consider along the following lines: 1. The complete digitisation of all records currently held at both sites; 2. Digitisation of some records, and storage of the remainder off-site in secured premises; 3. Storage of all documents off-site at secure premises, without digitisation of any records. Obviously the Council will seek to utilise savings created by the relinquishing of any lease on premises (at Snaygill) for the above alternatives. It is now anticipated that the initial scoping work will be completed by the end of July 2017, with recommendations being made by September 2017. The Committee will continued to be updated as to progress.	DRN	31/05/17

Version No	AGENDA ITEM 10(a)
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C5 03 - Counter Fraud & Corruption Arrangements - Priority 1	IA 16/17 285 The actions identified in the assessment should be used to form an agreed action plan to address the gaps in current counter fraud and corruption arrangements and drive a strong anti-fraud and corruption culture from a corporate to operational level.	C5 03 - Aug 2016	Financial Management	Amber		Action Plan agreed by Audit & Governance on 24 January and work on actions within plan commenced. A progress report is due to be presented to Committee in March 2018.	NC	19/04/17
C7 02 - Garden Waste Collection - Priority 1	IA 16/17 293 Management should obtain costs for the use of microchip technology to record garden waste collections made per property, for reconciliation to the licence database	C7 02 - Jun 2017	Waste Management	Red		Because of capacity issues within the Team due to long term staff sickness as well as implementation work for the new Waste Collection Service from the 1st April 2017 we have been unable look at the feasibility of introducing such a system. The delay in completion is due to competing priorities together with capacity issues from long term sickness. We are now aiming to complete this by the end of June.	WA	19/04/17

Version No	AGENDA ITEM 10(a)
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C7 01 - Payroll including use of iTrent - Priority 1	IA 16/17 295 Payroll should establish with HR and the service whether an overpayment has been made to employee reference 00850, and investigate the reason why and how this occurred. If the overpayment is valid, the figure should be calculated and recovery promptly initiated with the employee. An audit trail should be present to evidence incremental changes made.	C7 01 - Mar 2017	Financial Management	Red		Overpayment now established. Recovery to be pursued in due course with employee. The delay in completion is due to the time to establish overpayment with service management and agree for recovery to be pursued. We are now aiming to complete this by the end of June.	CH	18/04/17
C7 01 - Payroll including use of iTrent - Priority 1	IA 16/17 297 The payment error to employee number 230 should be investigated by Payroll with the service to determine whether it is a valid overpayment, and if confirmed then corrected on iTrent.	C7 01 - Mar 2017	Financial Management	Red		Outstanding. Awaiting investigation by service manager and response to payroll with regards to appropriate error correction. We are now aiming to complete this by the end of June.	CH	18/04/17

Appendix B – Audit Recommendations Completed in the Period

Superseded actions have been included for completeness

Source Report	Recommendation Name	Original Target Date	Service Area	Status		Latest Update	Updated by	Date
C4 12 - Members Expenses - Priority 2	IA 16/17 122 Craven District Council moves to using Trent for all mileage and subsistence claims, thereby ensuring that a The declaration has to be signed otherwise the claim cannot be submitted b) All areas of the claim have to be completed. c) Claims can be completed on a daily basis and submitted at any time.	C4 12 - Not specified	Financial Management	Superseded Audit Action		Implementation on hold due to staff changes in payroll. A number of alternative efficiencies have been put in place with regards to payroll processing including that to improve mileage claim processing. Following the recent payroll audit a wider review on options for implementing self-serve for expense claims and other matters including payslip distribution is now going to be considered, in order to ensure more appropriate options are taken forward. Action is now superseded by action IA 16/17 307.	CH	18/04/17
C4 06 - Data Security Standards - Priority 2	IA 16/17 150 The proposed installation of the excess card payment devices at other sites should be carried out as soon as possible	C4 06 - Oct 2014	ICT	Green		Completed.	DRN	18/04/17

Version No	AGENDA ITEM 10(a)
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C4 08 - Data Protection 2013/14 - Priority 1 C5 08 - ICT Review of Outstanding Actions - Priority 1	IA 16/17 157 A clearly owned information asset inventory should be developed and maintained. Once developed, identified information asset owners should ensure that risks and opportunities are monitored	C4 08 - Aug 2014 C5 08 - Apr/Sep 2015 A&G Nov 15 - Dec 2015	ICT	Green		Information Asset Inventory has been developed, and is now being maintained and updated so as to reflect the new requirements of the General Data Protection Regulation (GDPR) due to be implemented in 2018.	DRN	18/04/17
C5 12 - Council Tax & Non Domestic Rates 2014 15 - Priority 2	IA 16/17 214 Reviews of holiday lets granted small business rate relief should progress	C5 12 - Oct 2015	Revenues & Benefits	Superseded Audit Action		As small business rate relief has been increased nationally it is unlikely that this work will generate major financial gains. Reviews of holiday lets granted small business rate relief will now be incorporated into the general property reviews programme (IA 16/17 2013).	DBC	06/04/17
C6 01 - Building Control - Priority 1	IA 16/17 227 A replacement for the Fast Control system should be timetabled for implementation as soon as possible	C6 01 - Feb 2016	Planning & Building Control	Green		The procurement for a single solution for Planning, Building Control, Environmental Health, Licensing & Waste Management has been completed. Implementation of the planning element is complete and all staff have been trained.	DM	03/05/17
C6 09 - Payment Card Industry : Data Security Standard (PCI:DSS) - Priority 2	IA 16/17 247 The PCI guide and e-learning facility should be progressed and rolled out to all staff taking card payments. Confirmation that all such staff have successfully completed the e-learning training should then be sought	C6 09 - Aug 2016	ICT	Green		PCI guidance has been rolled out. E-learning has been commissioned, and includes confirmation of completion by staff.	DRN	18/04/17

C6 09 - Payment Card Industry : Data Security Standard (PCI:DSS) - Priority 2	IA 16/17 248 Pcs should be reviewed at Belle Vue Square reception and the Crematorium to determine secure positioning for customer not present payments to be taken	C6 09 - Aug 2016	ICT	Green		Review completed, and action taken where appropriate.	DRN	18/04/17
C6 09 - Payment Card Industry : Data Security Standard (PCI:DSS) - Priority 2	IA 16/17 251 Amendment of the TIC's merchant receipts should be investigated to avoid full PAN printing	C6 09 - Aug 2016	ICT	Green		Completed.	DRN	18/04/17
C6 09 - Payment Card Industry : Data Security Standard (PCI:DSS) - Priority 2	IA 16/17 252 The positioning of CCTV at the Town Hall following the reconfiguration of the TIC should be reviewed to ensure that details of payment card entry are not viewable	C6 09 - Aug 2016	ICT	Green		Completed.	DRN	18/04/17
C6 08 - Physical Security of ICT Equipment and Data - Priority 2	IA 16/17 268 The procurement of the e-learning package for existing employees as part of the North Yorkshire Multi Agency data sharing protocol should be progressed or other product sourced	C6 08 - Aug 2016	ICT	Green		An e-learning solution has been procured, and is currently being implemented across the Council.	DRN	18/04/17

Version No			AGENDA ITEM 10(a)					
C6 08 - Physical Security of ICT Equipment and Data - Priority 2	IA 16/17 269 Documentation regarding users responsibilities in relation to the security of information and property should be easily accessible for reference on the intranet and the location advertised in the ICT communication emails	C6 08 - Aug 2016	ICT	Green		Information has now been migrated to the new intranet facility.	DRN	18/04/17
2016/17 Internal Audit Actions - Priority 3 Current	IA 16/17 275 The reconciliation between the CIVICA cash receipting system and the Northgate SX3 system for Council Tax and Business Rate payments should be undertaken by the service on a least a weekly basis, to ensure that they are responsible for accounting for their own income	C6 05- Jul 2016	Revenues & Benefits	Green		Full time Team Leader now in place who will commence this process. Work has started on creating a more meaningful check to ensure payments received are posted to the correct account. Q4 The reconciliation now takes place.	DBC	06/04/17

AGENDA ITEM 10(a)

C5 03 - Counter Fraud & Corruption Arrangements - Priority 1	IA 16/17 284 CLT and Audit and Governance Committee should determine the level of compliance to the CIPFA Fraud Code of Practice that is appropriate for Craven District Council to adequately and proactively address its fraud and corruption risks.	C5 03 - Jul 2016	Financial Management	Green		Action Plan including proposals for acceptable level of performance was approved at Audit & Governance Committee on 24 January 2017. Work on actions within the plan is now in progress.	NC	19/04/17
C7 02 - Garden Waste Collection - Priority 2	IA 16/17 291 A formal data processing contract should be in place with the external printing supplier, in order to protect the personal data of customers applying for licences with a 'care of' name and address	C7 02 - Jun 2017	Waste Management	Green		Contract in place and necessary documentation filed with the Council's Procurement Section	WA	19/04/17
C7 01 - Payroll including use of iTrent - Priority 2	IA 16/17 296 The percentage variance in pay report produced as part of the monthly pay run should be consistently signed by the Payroll & Exchequer Officer and the VFM and Improvement Manager to confirm an independent review.	C7 01 - May 2017	Financial Management	Green		Documentation is now being consistently signed to evidence review as part of payroll file authorisation.	CH	18/04/17

Version No	AGENDA ITEM 10(a)
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C7 01 - Payroll including use of iTrent - Priority 2	IA 16/17 298 Hours recorded on Pool casual and overtime timesheets should be subtotalled for accuracy of payment.	C7 01 - Mar 2017	Leisure Services	Green		This change has now been implemented.	LH	10/05/17
C7 01 - Payroll including use of iTrent - Priority 2	IA 16/17 299 The payment error should be corrected for the employee on iTrent.	C7 01 - Mar 2017	Financial Management	Green		Payment error has been corrected	CH	18/04/17
C7 01 - Payroll including use of iTrent - Priority 2	IA 16/17 300 Pool casual and overtime timesheets should be consistently signed by the employee and approved by the Leisure Services Manager.	C7 01 - Mar 2017	Leisure Services	Green		The revised procedure is now in place.	LH	10/05/17
C7 01 - Payroll including use of iTrent - Priority 2	IA 16/17 303 Casual staff working at the Pool should be paid at the correct rate per hour for the position worked. Communication between the Pool and Payroll should improve so that staff working new casual positions are notified to Payroll in advance of the next pay run, and the monthly Payroll spreadsheet and iTrent system updated.	C7 01 - May 2017	Leisure Services	Green		The staff spreadsheet is now updated on a monthly basis. Tthe Leisure Services Manager sends queries to payroll for confirmation or amendment as appropriate.	LH	10/05/17

Version No	AGENDA ITEM 10(a)
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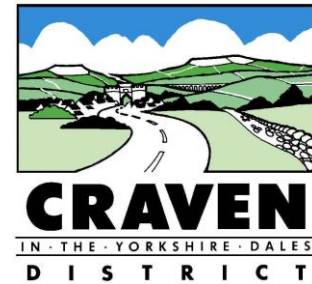
C7 01 - Payroll including use of iTrent - Priority 2	IA 16/17 304 The payment errors should be corrected per employee on iTrent.	C7 01 - May 2017	Financial Management	Green		Payment error has been corrected	CH	18/04/17
C7 01 - Payroll including use of iTrent - Priority 2	IA 16/17 306 The payment errors should be corrected per employee on iTrent.	C7 01 - May 2017	Financial Management	Green		Payment error has been corrected	CH	18/04/17

Appendix C – Summary of Outstanding Priority 2 and Priority 3 Audit Recommendations

	<u>Priority</u> <u>2</u>	<u>Priority</u> <u>3</u>
Total Overdue at end of May	13	5
<u>By Service Area</u>		
Bereavement Services	4	1
Financial Management	1	3
ICT	2	
Leisure Services	2	1
Planning & Building Control	3	
Revenues & Benefits	1	
<u>By Year Originally Due to be Implemented</u>		
2014	1	1
2015	1	
2016	8	3
2017	3	
Not specified		1

Audit and Governance Committee 20th June 2017

ANNUAL INTERNAL AUDIT REPORT 2016/17



Report of the Audit Services Manager – Shared Internal Audit Service

Ward(s) affected: All

1. **Purpose of Report**

- 1.1 To consider the key findings and conclusions from audit work undertaken in 2016/17 and to give an opinion on the overall adequacy and effectiveness of the Council's arrangements for risk management and governance and on its internal controls.

2. **Recommendations**

- 2.1 Members are recommended to note the contents of the report and note the opinion given based on the audit work undertaken during 2016/17.

3. **Background Information**

- 3.1 2016/17 was the second year of a new 3 year Shared Internal Audit Service collaboration arrangement with Harrogate Borough Council, shared arrangements having been in place under previous agreements since April 2010.

The service was hosted by Harrogate and provided 240 days per annum of audit time plus an additional 10 days per annum to be used at the discretion of Craven District Council's Strategic Manager – Financial Services (£151 Officer).

In line with the previous collaboration arrangement, the Shared Service was managed by a Partnership Board, which consisted of the Chief Finance Officers of the two authorities.

- 3.2 The work of internal audit is governed by the Accounts and Audit (England) Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the Standards and the Council's Internal Audit Charter the Chief Audit Executive or equivalent is required to submit an annual report which should include an overall opinion on the adequacy and effectiveness of the organisation's Risk Management and Governance arrangements and on its internal controls.

In addition, the report should:

- Include a summary of audit work actually undertaken to support the opinion
- Provide details of any qualification to the opinion, together with the reasons for the qualification (including any impairment to independence or objectivity)
- Comment on the performance of Internal Audit and its Quality Assurance and Improvement Programme.
- Comment on compliance with the PSIAS.

- 3.3 The Council is responsible for ensuring it complies with the law and proper standards to carry out its business. As such the Council is responsible for ensuring that effective Risk Management and Governance Arrangements and Internal Controls are in place in order to deliver value for money in the use of its resources and to achieve its corporate and service objectives.
- 3.4 Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of Risk management, Control and Governance processes (PSIAS)
- 3.5 Internal Audit can provide reasonable assurance on the arrangements and controls examined. This does not imply infallibility. Internal Auditors cannot be expected to identify each weakness or irregularity. Also, Internal Audit is not an extension or substitute for management. It is for management to accept Internal Audit findings and implement recommendations or to accept the risks of not taking action.

4. Audit Approach

- 4.1 At the conclusion of all audit work undertaken, meetings have taken place between relevant service managers and chief officers to discuss and agree audit findings within our audit report. The Audit Services Manager has attended all meetings of the Audit & Governance Committee during 2016/17 to present each audit report for scrutiny and challenge. Progress reports against the approved Audit Plan have also been submitted and discussed.
- 4.2 On reporting lines, the Audit Services Manager held regular monthly meetings with the Strategic Manager – Financial Services (s151 Officer) and has also been given unrestricted access to both the Chief Executive and the Chair of this Committee. Meetings with the Chief Executive have occurred every 6 months whilst meetings with the Chair of Audit & Governance have occurred in advance of every Audit & Governance Committee meeting.
- 4.3 On individual assignments, Internal Audit liaised with relevant Managers to agree the programme of work, kept them informed of progress during the course of the audit in question and subsequently discussed findings and agreed recommendations.

- 4.4 The level and mix of staff for each audit assignment has been determined by the knowledge and experience of the Auditors in the team, relative to the complexity of each audit. For example, the team's specialist auditors on ICT and procurement matters were allocated audit work in these areas.
- 4.5 During the year, the Audit Services Manager liaised with the Authority's external auditors, Mazars LLP. The objective was to maximise the benefit to the Authority from all audit work to avoid duplication of coverage and to learn from each other's findings to provide maximum assurance.
- 4.6 The achievement of the Annual Audit Plan depends upon the contribution of the Council's staff. Audit Services would like to record their appreciation for the involvement and commitment of staff and for their critical appraisal of the conclusions drawn and recommendations made.

5. Summary of Audit Findings

- 5.1 The Appendix attached to this report sets out details of all audits undertaken between 1st April 2016 and 31st March 2017. It includes details of planned audit days compared to actual days for each audit as well as the assurance level given and the number of recommendations made.
- 5.2 The Appendix shows 89% of audit work was completed by 31st March 2017 (2015/16: 95%) Any outstanding audit work from 2016/17 has been brought forward into the 2017/18 Audit Plan and will be undertaken by 31st March 2018.
- 5.3 In summary:
- All 4 audits brought forward from 2015/16 were completed during 2016/17.
 - 9 planned audits from the approved 2016/17 audit plan were completed in the year (2015/16: 8).
 - 7 follow up audits / 6 month reviews were completed within the year. These confirmed that good progress had been made by Management with the implementation of audit recommendations.
 - The remaining 4 audits (2015/16: 5) are in progress at the year end and will be brought to this committee as soon as possible.
 - Of the 12 days carried forward into 2016/17, 6 have been used to review the procurement process undertaken to secure a partner for a joint venture scheme. This assurance work was undertaken at the request of members of CLT.
- 5.4 Of the 20 audits completed in 2016/17 (2015/16: 21):
- 7 were not awarded an audit opinion as they related to follow up audit work on outstanding recommendations.
 - 1 audit reviewed the procurement arrangements for a joint venture partner but contained no overall audit opinion as the audit work did not include an assessment of risk or internal control.
 - 1 audit report considered the Authority's compliance with CIPFA's Fraud Code of Practice

The remainder received the following assurance levels contained in this table:

	Audit work undertaken	Assurance Level awarded
1	Disabled Facilities Grants	Significant
2	Fraud b/fwd. 2015/16	Good
3	Online Payments b/fwd. 2015/16	Good
4	Creditors b/fwd. 2015/16	Good
5	Garden Waste	Good
6	Payroll including use of Trent	Good
7	National Fraud Initiative	Good
8	Cybercrime	Good
9	Leisure Centre Income	Good
10	Licensing	Partial
11	Treasury Management b/fwd. 2015/16	Partial

The above results confirm that 82% (9 out of 11) of the audit work undertaken resulted in the auditor awarding either significant or good assurance score on the control environment in place. This represents a substantial improvement from the position reported in 2015/16 (67%); 2014/15 (71%) and 2013/14 (73%).

5.5 The following audits were in progress at the year-end as follows:

Audit	Draft Assurance Level (to be agreed with client)
Money Laundering	Significant
Software Asset Management	To be determined
Planning Fees	To be determined
Asset Management	To be determined

These reports will be presented to the Audit & Governance Committee in due course.

5.6 Per the Shared Services Agreement, Craven District Council paid for 240 audit days in 2016/17 and carried forward 12 from the previous year, making a total of 252 days. The appendix to this report shows that only 210 were spent during 2016/17 and therefore the remaining 42 days will be added to the 2017/18 Audit Plan.

The main reasons for the underspend were:

- The Planning Fee audit did not start in 2016/17 as planned due to the implementation of new software. This audit will now be carried out in 2017/18
- The Asset Management audit did not start in 2016/17 as planned and will be carried forward into 2017/18
- Budgeted time allocated to contingency was over and above requirements.

6.0 Quality Assurance and Improvement (QAIP)

6.1 Under the PSIAS, the chief audit executive must develop a quality assurance and improvement programme (QUAIP). The objectives are to assess the efficiency and effectiveness of internal audit activity, identify opportunities for improvement and to evaluate whether or not the Standards are being met.

6.2 The QUAIP consists of:-

- Ongoing monitoring of the performance of internal audit
- Periodic self-assessments
- Maintenance of an internal audit manual
- An external assessment which must be undertaken at least once in every 5 years by a qualified independent assessor or assessment team from outside of the Authority. This was completed during April 2014 with an overall conclusion that internal audit was substantially compliant with the PSIAS.

6.3 Ongoing Monitoring

There are management and supervision arrangements within Audit Services in order to ensure that each audit assignment meets the required quality standards. These involve discussions between Audit Management and the individual Auditor concerned during the planning of the audit to ensure that the key risks are covered, during fieldwork and at draft and final report stages. The purpose is to ensure that the engagement, evidence and reporting requirements set out in the PSIAS are met, together with the Code of Ethics. (Integrity, Objectivity, Confidentiality, Competency).

6.4 Following each applicable audit, Audit Services send out a post audit questionnaire (PAQ) to the relevant Client Manager for feedback on the quality of the audit from the client perspective and on whether any improvements could be made. The PAQ asks 9 questions and provides for responses ranging from “very satisfied” to “very dissatisfied”. In 2016/17 100% of responses received were either satisfied or very satisfied with the work of the internal audit team.

6.5 Internal Audit also has various performance indicators which are monitored during the year. These include:-

Delivery of Audit Plan – Measured in terms of actual chargeable audit days compared to planned chargeable audit days. As at 31st March 2017 89% of the agreed Audit Plan had been delivered.

Sickness Monitoring - The total number of days recorded sick for the audit team was 5 days – well below average.

7.0 Audit Opinion

7.1 The Public Sector Internal Audit Standards (Performance Standard 2450) states that:

“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.”

This must be based on an objective assessment of the framework of governance, risk management and control within the Council’s governance, operations and information systems.

7.2 **The overall opinion is that, based on the audit work undertaken during 2016/17, the council’s framework of governance, risk management and internal control is satisfactory and operating effectively in practice.**

8. Implications

8.1 Financial and Value for Money Implications

The contribution paid by Craven District Council towards the cost of the Shared Service for 2016/17 was £57,000.

8.2 Legal implications

This report is submitted to comply with the requirements of the Public Sector Internal Audit Standards.

8.3 Contribution to Council Priorities

Council Transformation

8.4 Risk Management

The internal Audit function is an integral part of internal control. The major risks to the provision of the service to Craven include:-

- Insufficient resources and capacity – for example due to long-term sickness or vacant posts. If this situation arises it will be addressed by the Internal Audit Shared Service Partnership Board, reporting to the respective audit committees of the two Councils if necessary.
- The need for a major investigation which will mean that some planned work will have to be deferred or an increase in the days provided at an additional cost to Craven.

8.5 **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure has been followed. An Equality Impact Assessment has not been completed on the proposals as completion of Stage 1- Initial Screening of the Procedure identified that the proposed policy, strategy, procedure or function does not have the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

9. **Consultations with Others**

Strategic Manager – Finance Services (S151 Officer)

10. **Access to Information : Background Documents**

None

11. **Author of the Report**

Kim Betts, Audit Services Manager, Craven District Council and Harrogate Borough council Shared Internal Audit Service.

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions. (Telephone 01423 500600 ext 58587. Email kim.betts@harrogate.gov.uk

12. **Appendices**

Appendix 1 – Internal Audit Plan 2016/17

APPENDIX 1

INTERNAL AUDIT PLAN 2016/17

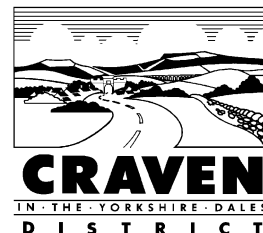
Audit Work	Planned Days	Actual Days	Assurance Level	Number of Recommendations
6 Month Review/Follow up work:				
Key Financial Systems	6	6	N/A	N/A
2015/16 audits b/fwd.				
Creditors	3	3	Good	3
Fraud Refunds	3	3	Good	2
Online Payments	2	2	Good	7
Treasury Management	1	1	Partial	2
2016/17 Audits				
Licensing	15	27	Partial	14
National Fraud Initiative	6	12	Good	6
Payroll including use of Trent	15	19	Good	9
Disabled Facility Grants	20	17	Significant	1
Garden Waste	20	15	Good	8
Cybercrime	15	19	Good	6
Leisure Income	20	22	Good	6
Procurement of a Joint Venture partner	12	6	N/A	N/A
CIPFA Fraud Code of Practice	5	9	N/A	N/A

Audit Work	Planned Days	Actual Days	Assurance Level	Number of Recommendations
Audit work c/fwd. into 2017/18: Asset Management including rent	15	0		
Software Asset Management	15	10		
Planning Fees	15	4		
Money Laundering	15	8		
Contingency	29	7	N/A	N/A
CDC Auditing Reporting / Committee Papers / Audit Reviews	20	20	N/A	N/A
Totals	252 ¹	210		

1. This includes the 12 days b/fwd. from 2015/16

Audit and Governance Committee – 20th June 2017

Annual Audit Plan 2017-18



Report of the Audit Services Manager

1. **Purpose of Report** – To provide the Committee with details of all audit work undertaken since the beginning of the latest Shared Service Agreement to ascertain whether any additional work needs to be included in the 2017/18 Audit Plan.
2. **Recommendations** – Members are recommended to note the content of the report and to agree the draft 2017/18 Audit Plan contained in Appendix B.
3. **Background Information and Report**
 - 3.1 At the Audit & Governance meeting on 14th March 2017, the Audit Services Manager took the proposed 2017/18 Audit Plan for consideration and approval.
 - 3.2 During this meeting, Members requested an additional report that detailed all audit work undertaken since the inception of the latest contract in order that they could satisfy themselves that no additional areas needed to be included within the Audit Plan. The 2017/18 Audit Plan has therefore yet to be agreed.
 - 3.3 Attached to this report are 2 appendices. **Appendix A** shows a breakdown of all audit work completed from 1st April 2015 to 31st March 2017, whilst **Appendix B** shows the draft Audit Plan presented to this Committee in March 2017 and a proposed final Audit Plan which requires member approval.
4. **Implications**
 - 4.1 **Financial and Value for Money (vfm) Implications** – The Council pays a daily fee to Harrogate Borough Council as its contribution towards the cost of the Shared Service which is hosted by Harrogate Borough Council.
 - 4.2 **Legal Implications** – There are no legal implications arising from this report.
 - 4.3 **Contribution to Council Priorities** – The delivery of an Internal Audit Service contributes to Council transformation.
 - 4.4 **Risk Management** – The Internal Audit function is an integral part of internal control.

The major risks to the provision of the service to Craven include:-

- Insufficient resources and capacity – for example due to long-term sickness or vacant posts arising. If the situation arises, it will be addressed by the Internal

Agenda Item 10c

Audit Shared Service Partnership Board, reporting to the respective Audit Committee of the two Councils if necessary.

- The need for a major investigation which will mean that some planned work will have to be deferred or an increase in the days provided at an additional cost to Craven.

4.5 **Equality Analysis** – The Council's Equality Impact Assessment Procedure has been followed. An Equality Impact Assessment has not been completed on the proposals as completion of Stage 1- Initial Screening of the Procedure identified that the proposed policy, strategy, procedure or function does not have the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

5. **Consultations with Others** – Strategic Manager – Financial Services (s151 Officer)

6. **Access to Information : Background Documents** – None

7. **Author of the Report** – Kim Betts, Audit Services Manager; telephone: 01423 500600 (ext 58587); e-mail: kim.betts@harrogate.gov.uk

Note : Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

8. **Appendices:**

Appendix A – Breakdown of audit work conducted between 1st April 2015 & 31st March 2017.

Appendix B – Draft 2017/18 Audit Plan presented in March 2017 and a new proposed final 2017/18 Audit Plan

Agenda Item 10c

APPENDIX A

Breakdown of audit work conducted between 1st April 2015 & 31st March 2017.

Audit Type	2015/16 Audits	2016/17 Audits
Follow up/ 6 month reviews	Follow up/ 6 month reviews	Follow up/ 6 month reviews
Regulatory Audits	Transparency Code	Licensing
	Grants inc Localism Reserve funded from New Homes Bonus	Planning fees- carried forward into 2017/18
	BVS Service Charges	Garden Waste Collection
	On-line Payments	Leisure Site income
	Bereavement Services	Disabled Facility Grants
	Building Control	Asset Management – carried forward into 2017/18
Key Financial Systems	Treasury Management	Payroll inc use of Trent
	Creditors	Duplicate Payments within key systems
Fraud Work	CIPFA Fraud Code of Practice	National Fraud Initiative
	Fraudulent refunds	Money Laundering
IT Audits	Physical Security of IT Equipment & Data	Cybercrime
	Payment Card Industry	Software Asset Management

Agenda Item 10c

APPENDIX B

Draft 2017/18 Audit Plan presented in March 2017 and a new proposed final 2017/18 Audit Plan

Draft 2017/18 Audit Plan presented in March to A&G Committee		Proposed Final Audit Plan for 2017/18	
Planned Audits	Audit Days	Planned Audits	Audit Days
Trade Waste	15	Trade Waste	15
Duplicate Payments	1	Duplicate Payments	1
Risk Arrangements	15	Risk Arrangements	15
NNDR	15	NNDR	15
Council Tax	15	Council Tax	15
Fraud	30	Fraud	30
New Planning System	10	New Planning System	10
Information Governance	15	Information Governance	15
Business Continuity & Disaster Recovery	15	Business Continuity & Disaster Recovery	15
ICT	15	ICT	15
Customer Complaints	15	Customer Complaints	15
Building Control	15	Agency & Contract Staff	15
Follow up/6 month reviews	5	Follow up/6 month reviews	6
Member Grants	10	Member Grants	10
		Review of the G4S Contract	8
Management	20	Management	20
Contingency	29	Contingency	20
TOTAL	240	TOTAL	240

B/fwd from 2016/17 Audit Plan – to be completed over and above the 240 days			
Planning Fees	15	Planning Fees	15
		Asset Management	15
		Car park Income	12 c/fwd + contingency time
TOTAL	15	TOTAL	42



Craven District Council

Risk Management Strategy

Last Updated: June 2017

Approved by: Audit and Governance Committee 20 June 2017

CONTENTS

	Contents	Page
1	Introduction	3
2	Risk Management Approach	4
3	Range of Risks	5
4	Risk Management Process	6
5	Responsibilities	8
6	Creating a Risk Culture	11
Appendix A	Overview of CRAM Process	12
Appendix B	Monitoring and Review Cycle	13
Appendix C	CRMG Terms of Reference	14

1. Introduction

- 1.1. This document sets out how Craven District Council aims to maintain and improve the effectiveness of risk management
- 1.2. Risk management is an important element of good management and the Council's approach to corporate governance.
- 1.3. The aim of this strategy is to improve the ability of the Council to deliver strategic and service priorities by managing risks.
- 1.4. As such the following elements are included in its approach:
 - shared awareness and understanding within the authority of:
 - the nature and extent of the risks it faces the extent and categories of risks regarded as acceptable
 - the likelihood and potential impacts of the risk materializing
 - our ability to reduce the impact on the organisation of risks that do materialise
 - regular and ongoing monitoring and reporting of risk including early warning mechanisms
 - appropriate assessment of the cost of operating particular controls relative to the benefit obtained in managing the related risk.
 - annual review of the effectiveness of the systems of internal control in place, the results of which are reported publicly including an account of action that it is taking to address any significant concerns
- 1.5. The Strategy has critical links to the following areas:
 - Corporate governance arrangements and standards of conduct
 - Organisational structures and processes
 - Service delivery arrangements
 - Performance management
 - Council priorities
 - Community focus

2. Risk Management Approach

2.1. The Council recognises risk as:

‘the chance or possibility of loss, damage, injury or failure to achieve strategic or service level objective caused by uncertain actions or events’

2.2. Risk management is:

‘the adoption of a planned and systematic approach to the identification, evaluation and economic control of those risks which can threaten the assets or financial and organisational well-being of the Council. Thereby minimising the costs and disruption to the Council caused by undesired events.’

2.3. Risk management is not about being “risk averse” – it is about being “risk aware”. Risk is ever present and some degree of risk-taking is inevitable and desirable if the Council is to achieve its objectives.

2.4. Risk management is about making the most of opportunities and about achieving objectives once those decisions are made. By being risk aware the Council is in a better position to avoid threats and take advantage of opportunities.

2.5. Effective risk management allows the Council to:

- Improve corporate governance
- Take informed decisions
- Ensure the right balance between opportunity and risk; maximising opportunities whilst minimising the impact from risk, and constraining risks to acceptable levels
- Improve partnership working with and minimise the risks affecting residents, including local businesses and partner agencies as well as visitors to Craven
- Increase its ability to achieve priorities and outcomes for residents

2.6. The key benefits of our approach to risk management will be:

- Improved performance management; an increased focus on what needs to be done (and not done) to meet objectives
- Improved financial performance and greater control of insurance costs
- Enhanced ability to justify actions taken
- Protection and enhancement of the Council’s reputation
- Reduced incidence of mistakes and fewer complaints
- Improved management of change programmes
- Increased innovation and quality improvements in service delivery
- Higher levels of satisfaction with the Council amongst stakeholders

2.7. The process is ongoing and will become embedded in our culture delivering consistently higher levels of performance and improvement. The aim is to understand risk and manage it more effectively rather than to eliminate it.

3. Range of Risks

- 3.1. Risk management covers the whole spectrum of risks not just those associated with finance, health and safety and insurance. It is important to review the risks and their potential impact on each other as well as trying to alleviate the categories of risk.
- 3.2. There are two principal categories of risk that potentially face Craven. These are strategic and operational.

Strategic Risks

- 3.3. These are external risks that are associated with the development of our key Council Priorities. These include:

- **Political:** linked to possible failure to deliver key objectives or Government policy; community planning errors or omissions.
- **Economic:** our ability to meet our financial commitments. For example, poor budgetary control; inadequate insurance cover.
- **Social:** the risks relating to our ability to meet the effects of changes in demographic, residential or social economic trends; lack of development; failures in partnership working; crime and disorder problems.
- **Technology:** ability to use technology to address changing demands; business continuity, poor security and data management, cyber fraud
- **Legislative and governance:** the ability to meet the legislation; breaches of legislation.
- **Environmental:** relate to the environmental impact of our service delivery (e.g. energy efficiency, pollution, recycling etc.).
- **Best Value:** the need to robustly review our service and deliver continuous improvement.
- **Customers:** not meeting customer needs; insufficient consultation; poor public relations; impact of policies (e.g. equalities).

Operational Risks

- 3.4. These are risks that are faced in the day to day delivery of services. These include:

- **Professional:** risks associated with the professional competence of staff; lack of training and development; over reliance on key personnel; ineffective change/project management; recruitment and selection issues, fraud.
- **Financial:** risks associated with ensuring good financial governance; failure of major project; internal and external audit requirements; failure to prioritise and allocate resources effectively; poor contract management; initiative overload, fraud
- **Legal:** the need to ensure our actions are lawful; compliance with legislation (e.g. DPA); intervention by regulatory bodies / Inspectorate(s) and licensing.
- **Physical:** the need to ensure that our physical assets do not pose any risks to staff, Council Members or members of the public (e.g. fire hazards, health and safety, etc.); safeguarding and accounting for physical assets.
- **Contractual:** those risks associated with the failure of our contractors to deliver services to an agreed cost and quality specification; compliance with procurement policies (internal/external); ensuring open and fair competition.
- **Technological:** risks associated with reliance on IT equipment.
- **Environmental:** risks associated with pollution, noise or the energy efficiency of ongoing service operations.

4. The Risk Management Process

- 4.1. The Council has put in place a process for the identification and management of risk within its activities.
- 4.2. The critical steps in the process are as follows:

1) Understanding the Strategic and Operational Priorities

The starting point is to ensure a clear understanding of what it is the Council is aiming to achieve. These strategic and operational priorities are set out in the Council Plan, Annual Service Plans and a number of other corporate and service level strategies and action plans. Risk Management is about managing threats that may hinder delivery and maximising the opportunities identified.

2) Identifying risks

There is a need to identify potential risks that may arise if informed decisions are to be made about policies or service delivery methods. They may be general relating to the environment within which we work or specific relating to a key area of service delivery.

3) Analysing risks

Available data should be used to provide information to help assess the likelihood of any risk arising or the potential impact on our activities.

4) Profiling risks

Risks are profiled according to their likelihood and severity.

5) Determining and prioritising action based on the approach to risk

Action based on whether the risk should be avoided, eliminated, reduced, transferred, or accepted. Prioritised based on tolerance and aversion to risk balanced against resource availability.

6) Controlling risk

Once appropriate action is determined for each risk, the process of controlling that risk can commence, through implementation of agreed action plans. This will either involve minimising/eliminating the risk and/or alleviating its potential impact.

7) Monitoring and reporting on progress

Monitoring against progress made in managing those risk and action taken to minimise losses

The CRAM Process

- 4.3. Risk management processes are undertaken in accordance with the “Craven Risk Assessment Model” or CRAM. The Council uses this model to identify and review the Council’s Risk Profile and Risk Register.
- 4.4. The process ensures that risks facing the Council as a whole and within individual service units are identified and assessed.
- 4.5. All risks are scored, ranked and prioritised for the purposes of developing effective control or counter-measures to reduce or eliminate the risk(s) identified.
- 4.6. The risk profiles from all Service units together with identified strategic risks form Craven District Council’s Risk Profile. Those risks above a certain level determined as the ‘Council’s Risk Appetite’ are then included on the Risk Register.

- 4.7. Each risk featured on the Risk Register has an action plan completed by the responsible officer that identifies measures required to mitigate, lessen or remove the risk. Each action plan is linked to the annual service plans and budgets.
- 4.8. For risks on the risk profile Service Managers will identify and take appropriate actions on a day to day basis as required, integrating actions into Service Plans if appropriate.
- 4.9. The risk management process is continual and if any new risks are identified, a CRAM form can be completed at any time and submitted to the CRMG. Committee reports also include a risk management section to ensure that consideration is given to any risk management issues that may arise.
- 4.10. The CRAM Process and Scoring Matrix is included at Appendix A.

The Review, Monitoring and Reporting Cycle

- 4.11. The process incorporates:

- Annual review (Sept) of Risk Management Strategy by Senior Leadership Team (SLT) – The Corporate Risk Management Group and Corporate Leadership Team (CLT) with necessary updates reported to Audit and Governance Committee for approval
- Annual review (Sept) of Craven's Risk Profile by Service units, moderated by SLT and reported to CLT and Audit and Governance Committee
- Regular review (quarterly) of Risk Register Risks and Action plans, moderated by - SLT and reported to CLT and Audit and Governance Committee
- Quarterly monitoring and reporting to CLT on progress against any actions related to Risk Profile risks incorporated into Service Plans
- Quarterly monitoring and reporting to CLT, and Audit & Governance Committee on progress against actions related to Risk Register risks incorporated into Service Plans

- 4.12. The Review, Monitoring and Reporting Cycle is shown diagrammatically at Appendix B.

5. Responsibilities

5.1. It is vital that everybody understands the role they play in effective risk management. In other words every employees and Member of Craven District Council are responsible for ensuring effective risk management.

5.2. Respective responsibilities are summarised as follows:

	Responsibilities
Audit and Governance Committee	<p>To oversee the effective management of risk by officers.</p> <p>Specifically to:</p> <ul style="list-style-type: none"> ● Approve the Risk Management Strategy and process put forward by officers ● Review the effectiveness of risk management including monitoring and challenging progress on actions
Corporate Leadership Team	<p>To take a lead in identifying and managing the risks and opportunities facing the authority.</p> <p>Specifically to:</p> <ul style="list-style-type: none"> ● Determine and approve the proposed strategy and process for identify, analyse and profile of service, corporate and cross-cutting risks ● Identify strategic risks ● Determine the Council's "risk appetite" ● Determine priorities for action on strategic and cross-cutting risks ● Monitor progress on managing service, strategic and cross-cutting risks ● Review the Risk Management Strategy and process ● Play an active part in the monitoring of the effectiveness of the Risk Management Strategy ● Ensure adequate reporting to stakeholders on risk management ● Determine the risks associated with new policies and service delivery methods and with existing operations
Senior Leadership Team (Corporate Risk Management Group)	<p>To provide a forum responsible for developing, promoting and monitoring the Council's Risk Management Strategy and to oversee the continuation corporately of a systematic approach to risk management to ensure achievement of the Council's priorities and service specific objectives.</p> <p>Specifically to:</p> <ul style="list-style-type: none"> ● Undertake a number of roles in accordance with the agreed Terms of Reference including ● Moderate and regulate the Risk Profile and Risk Register ● Recommend the "risk appetite" for approval by CLT

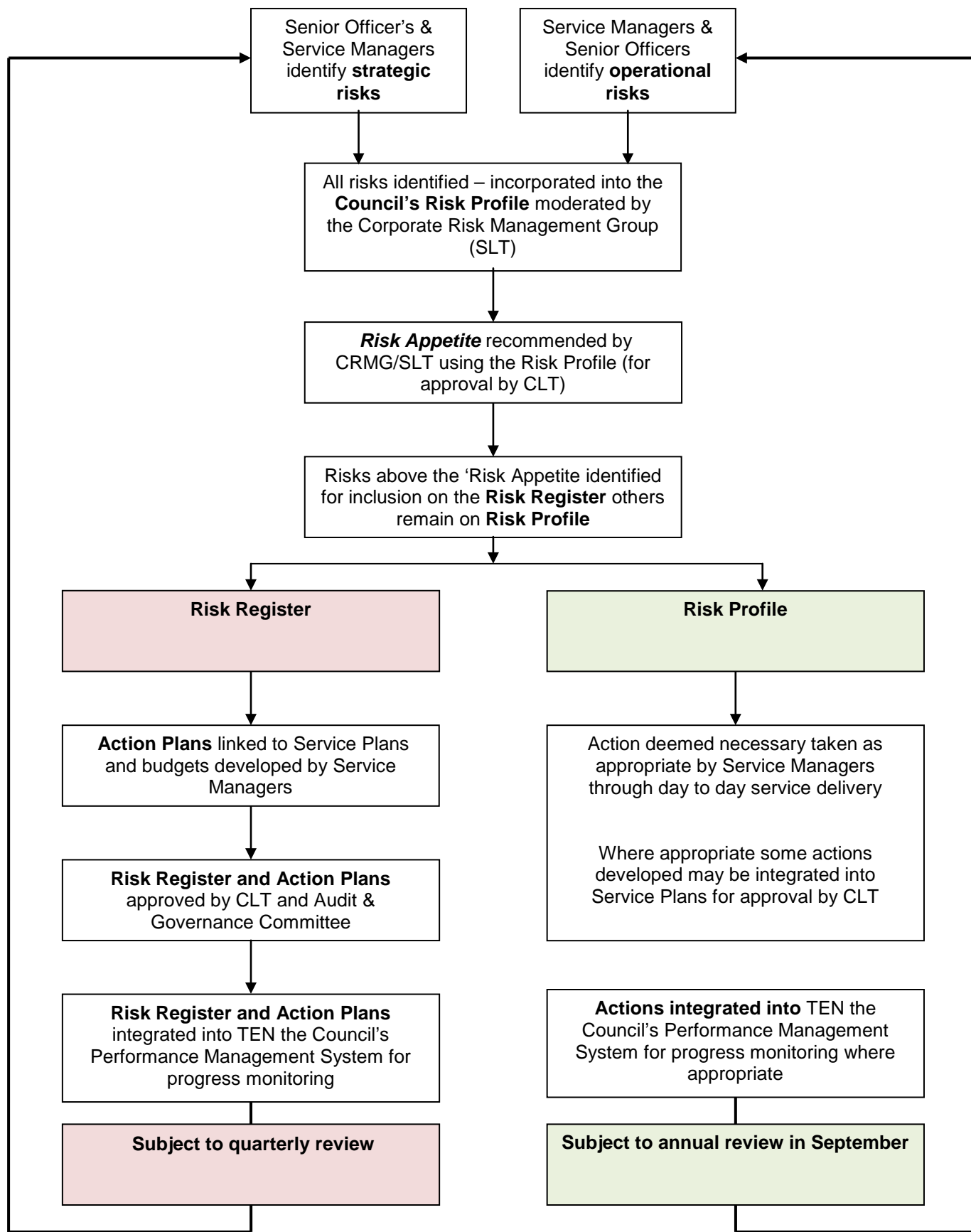
	Responsibilities
Strategic Manager – Financial Services	<p>To control and facilitate the Council's risk management arrangements:</p> <p>Specifically to:</p> <ul style="list-style-type: none"> ● Devise the Council's Risk Management Strategy and oversee its implementation on an operational basis on behalf of the Corporate Leadership Team ● Co-ordinate six monthly and annual processes for review of the Risk Profile and Register ● Co-ordinate the work of the Corporate Risk Management Group; ● Offer advice and guidance to Service Managers and others responsible for risk management <p>This individual essentially fulfils a control and facilitation role – to ensure risk management processes are implemented</p>
Senior Leadership Team and Service Managers	<p>To implement and cascade agreed corporate processes in relation to risk management, ensuring risks within their service areas and relevant cross-cutting risks are effectively managed.</p> <p>Specifically to:</p> <ul style="list-style-type: none"> ● Identify and analyse strategic and operational risks and complete CRAM forms ● Develop and implement action plans in relation to risk identified on the Risk Register ● Develop and implement action plans in relation to Risk Profile risks as appropriate ● Ensure staff resource and budget allocations are appropriately and effectively allocated to prioritise action and manage risks within services ● Provide updates on progress against action plans as part of agreed monitoring processes
Contractors/ Partners/ /Employees	<p>To play an active role in the identification and management of risk related to the services provided by or on behalf of Craven District Council.</p> <p>Specifically to:</p> <ul style="list-style-type: none"> ● maintain awareness of risk issues including the impact of and costs of risk and feed views into the Council's formal review and monitoring processes as required ● carry out any actions delegated to them in managing and controlling risks ● monitor progress in relation to managing and controlling risks related to those service provided and report to Service Managers as required <p>The Council works with a wide range of contractors and partners in delivering its services. It is essential that accountabilities are adequately determined 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, there will undoubtedly be some residual risks falling on the authority.</p>

	Responsibilities
Internal Audit	<p>To play a key role in challenging established risk management processes, challenging risk identification and evaluation.</p> <p>Specifically to:</p> <ul style="list-style-type: none"> ● Provide assurance to officers and Members on the effectiveness of controls relating to risk through its auditing activity ● To act in an advisory capacity in its membership of the Corporate Risk Management Group
External Audit	<p>To ensure the effectiveness of the Council's approach to risk management</p> <p>Specifically to:</p> <ul style="list-style-type: none"> ● To seek assurance from the work of the Council's Internal Audit in relation to risk management ● To review the effectiveness of the Council's risk management arrangements as part of its annual review of corporate governance

6. Creating a Risk Culture

- 6.1. Risk management is dynamic. In its broadest application it is concerned as much with optimising risk as it is with minimising it. The ability to recognise and manage risk is a prime consideration. Sensitivity and receptiveness towards issues of risk need to become part of the organisational culture
- 6.2. Risk management is a core competency from which the Council can build enhanced service delivery and secure the confidence of the community, staff, regulators and business.
- 6.3. This demands depth of experience and skill to identify, profile and take effective action on all types of risk, which in turn requires competency to be built.
- 6.4. The Council has in place annual training plan for both staff and Members. Risk management training is incorporated into programme where required.
- 6.5. Effective risk management depends not only on commitment, culture and the competence of individuals, but also on the sharing of knowledge and the availability of reliable data and information.
- 6.6. As such the Council will ensure that its knowledge management and information systems facilitate effective risk management.

Overview of the Craven Risk Assessment Model (CRAM)



Appendix A: Overview of the CRAM Process and Scoring Matrix

Scoring Matrix- Impact/Likelihood Definitions

Scoring:

Score	Impact	Likelihood
5	Critical	Dead Cert
4	Significant disruption &/or damaging	Probable
3	Noticeable effect	Strong possibility
2	Some limited disruption	Some possibility
1	Virtually no impact	Little chance
0	No impact , no longer relevant	No chance, no longer relevant

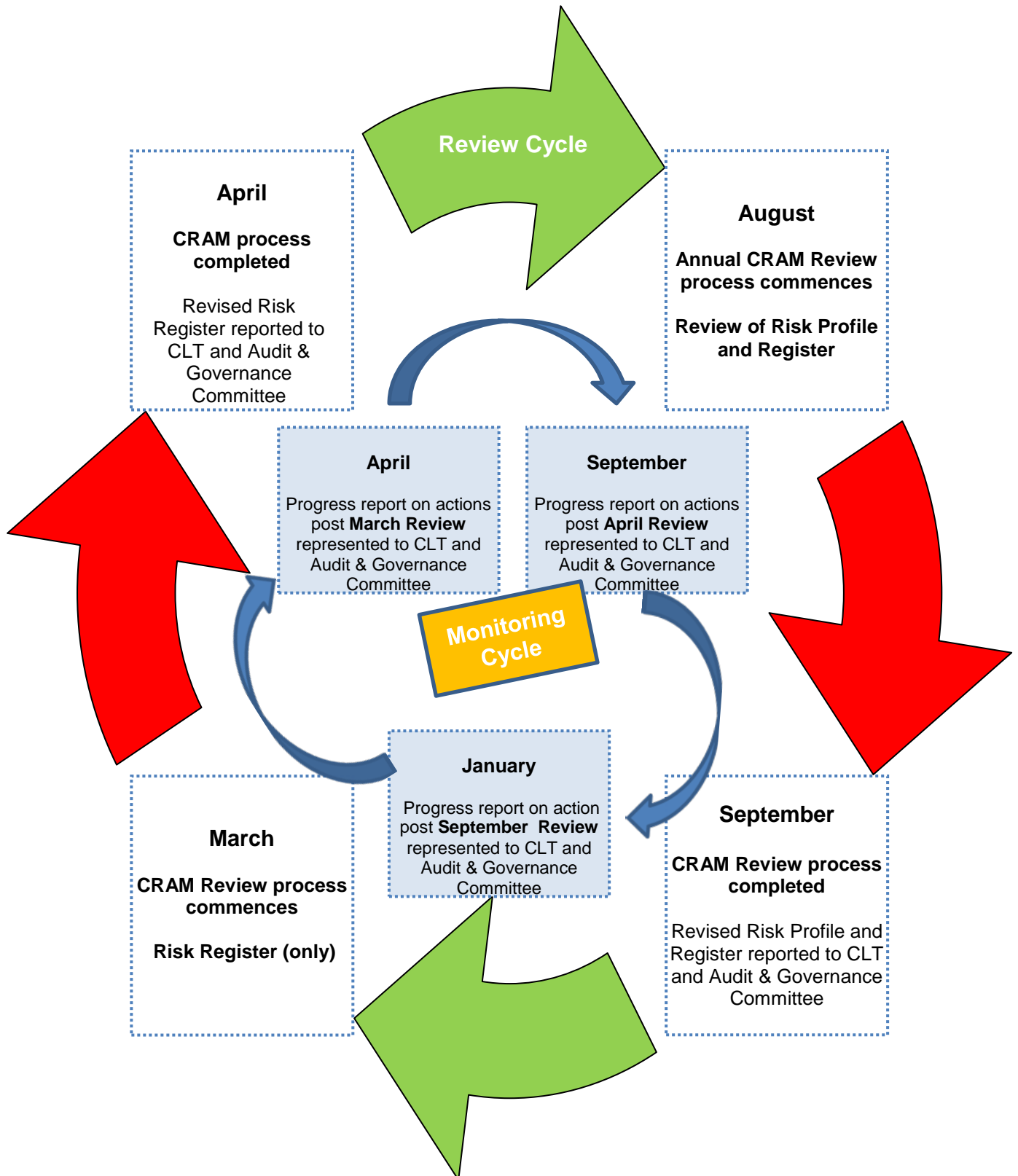
Definitions of Impact

- 5** The consequences of this event occurring could cause the failure of a number of services or result in the Council having its powers removed through Government intervention. The level of financial impact is likely to be over £600,000 in any year.
Example: Targets not met for waste management could lead to Government intervention and subsequent running of the service until targets are met – could lead to uncontrolled costs, loss of reputation etc.
- 4** Significant – the consequence of such an event occurring could cause the failure of the service or bring the Council into serious disrepute. The level of financial impact is likely to be between £200,000 - £600,000 in any year. *Example: Failure of a capital project*
- 3** This type of risk event would have a significant impact on a service's ability to provide its full range of activities. The result of this is that the integrity of the service/Council would be called into question by, for example an inspection service. The level of financial impact is likely to fall between £40,000 and £200,000. *Example: Bereavement Services – failure of cremators leading to reduced service ie burials only*
- 2** These types of events can normally be dealt with through the normal day to day management of the service and internal control mechanisms. The level of financial impact is likely to be between £10,000 and £40,000 in any year. *Example: Food poisoning outbreak*
- 1** These events may be recognized internally but generally have no external impact and can be resolved quickly. The level of financial impact is likely to be under £10,000 in any year. *Example: Failure of desktop IT.*
- 0** This risk no longer has any potential to impact on the Council. Circumstances have changed and the risk is no longer relevant.

Definitions of Likelihood

- 5** In this case the event(s) may have already happened in the relatively recent past. Without controls it will happen again and may even occur despite controls. Projected increase in insurance premiums
- 4** The event is more likely to happen than not but there remains some possibility it will not. The chance of occurrence may be around 75%+. *Example: Loss of expertise and knowledge at a senior level within the organization*
- 3** The event is likely to happen (a probability would be around one in two, (50%)). *Example: Failure to obtain support from Members for a change in policy.*
- 2** These events are not likely to occur but there remains some possibility it will. (A probability of a one in ten chance of this event occurring (10%)). *Example: Failure of a partner/contractor to deliver agreed input into the organisation's activities.*
- 1** These events will only occur in exceptional circumstances (a probability of less than one in fifty (2%)). *Example: Catastrophic damage to a building owned by the Council.*
- 0** These events will not occur e.g. The risk is no longer relevant due to change in circumstances. The above probabilities are not meant to be rigid. It is noted that some risk events will fall between two markers, in this case a matter of judgement should prevail, however it is often more effective to air on the side of caution and to rank the risk in the next category upwards.

Review, Monitoring and Reporting Cycle



Corporate Risk Management Group (CRMG): Terms of Reference

Objective of Corporate Risk Management Group/SLT

To provide a forum responsible for developing, promoting and monitoring the Council's Risk Management Strategy and to oversee the continuation corporately of a systematic approach to risk management to ensure achievement of the Council's priorities and service specific objectives.

The Group will meet on a regular basis (minimum every 3 months) be responsible for the following:

- Reviewing the Council's Risk Management Strategy for approval by Corporate Leadership Team and Audit and Governance Committee
- Overseeing the implementation of the Craven Risk Assessment Model methodology throughout the Council.
- Providing advice and support on the Risk Management Cycle (i.e. identifying, analysing, profiling, prioritising, and controlling risk.
- Moderating Co-ordinating the results of monitoring reviews and report on progress to CLT and Members as required and at least quarterly.
- To maintain the Corporate Risk Register and maintain an overview of operational risk registers providing help and advice to Service Units where appropriate.
- To act as a forum for Risk Management matters generally seeking to ensure compliance with best practice and sectoral guidance
- To help foster and promote a positive culture towards Risk Management within the Council
- To ensure Risk Management is considered in the corporate service planning processes and project management arrangements
- To undertake training on Risk Management and where appropriate arrange training/briefing sessions for staff and Members

Membership of the Corporate Risk Management Group

Members of SLT plus as required

- Audit & Governance Committee Independent Member
- Shared Internal Audit Service Manager
- Strategic Manager – Financial Services (s151 officer)

Membership of the Group will be maintained under review and augmented as necessary from time to time in the light of specific projects/initiatives.

Revised June 2017

Appendix B and Appendix C to this report are NOT FOR PUBLICATION as they are considered exempt By virtue of Category 3 (financial or business affairs of any particular Person (including the Council) of the Council's Access to Information Procedure Rules and Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)

AGENDA ITEM

Audit & Governance Committee – 20 June 2017

Risk Register Review, Risk Management Strategy and Corporate Risk Register and Action Plans Update 2017



Report of the Strategic Manager – Financial Services (s151 Officer)

Ward(s) affected: All

1. Purpose of Report

- 1.1 To update Audit and Governance Committee on the Council's risk register and update of the Council's Risk Management Strategy.

2. Recommendations

Members are recommended to:

- 2.1 Approve the amendments to the Council's Risk Management Strategy.
- 2.2 Note the progress on the corporate risk register actions to 31 May 2017 as shown at Exempt Appendix A

3. Risk Management

- 3.1 The Council's risk management approach is for risk to be owned and managed by managers in service areas, with CRMG now SLT with input from the Independent Member acting as the forum for review and refresh of the risk profile. CLT input to corporate risks and overview the procedures thus enabling Audit & Governance Committee to have the assurance for this element of their corporate governance and risk management arrangements.
- 3.2 Officers within the Financial Services Unit provide the conduit for capturing the risk management data and coordinate the monitoring responses for reporting to members.

- 3.3 The Corporate Risk Register (CRR) captures and evaluates risks that impact on the ability of the Council to achieve its objectives.
- 3.4 There are inevitably wider risks deriving from the external environment, the Council's leadership role throughout the district and through collaborations with partners that cannot be addressed alone, but we try to impact in a positive manner through our strategic responses, persuasion and awareness. Such risks can manifest from opportunities and challenges including:
- Public service reform and the reduction of dependency;
 - Demographic change including an aging population;
 - Economic growth and business development;
 - Fiscal constraint;
 - Strategic partnerships, through North Yorkshire, and Leeds City Region;
 - National and international threats such as cyber attacks and terrorism;
 - The impact of Brexit on the rural economy and growth.
- 3.5 The CRR is a key element of the Council's current corporate governance, risk assurance framework. This includes a number of elements including budget monitoring, performance reporting, the annual governance statement and Internal Audit annual opinion. The framework is reviewed on a regular basis.
- 3.6 The drivers of risk management today tend to be:
- Shrinking budgets
 - Reduced staffing
 - New regulations
 - Increased demand for services
 - Increasing expectations
 - Zero tolerance of non-performance / waste / fraud.

4. Risk Management Strategy

- 4.1 The Current Risk Management Strategy document was approved at the meeting of Audit & Governance Committee on 9 November 2015. During the annual review of the risk register the opportunity has been taken to review the strategy to ensure that it remains fit for purpose. The updated Risk Management Strategy is attached as Appendix A.
- 4.2 The review of the risk register has highlighted that the previous regime of a separate Corporate Risk Management Group (CRMG) was proving difficult to service with the changes to team Structures. It is suggested that the role of the CRMG is now undertaken by the Senior Leadership Team (SLT) with input from the Independent Member from Audit & Governance Committee. The corporate risk register will be a standing item on this groups meeting agenda, meaning that the register will be subject to review on at least a bi-monthly basis.

5. Risk Management Monitoring and Reporting Process

5.1 The process of monitoring and reporting against identified risks was reviewed and updated, to ensure that Audit and Governance Committee are able to more effectively focus on the implementation of agreed actions to mitigate against identified risks, within the Corporate Risk Register.

5.2 The following takes place as set out in the Risk Management Strategy:

Risk Profile Risks

- annual review of the Council's risk profile which will be reported to the Council's Corporate Leadership Team (CLT) in detail and in summary format to the Audit and Governance Committee;
- integration of any actions to be taken related to risk profile risks into service plans at Service Manager discretion for implementation and monitoring as part of the Council's quarterly performance monitoring arrangements and reporting to Corporate Leadership Team level.

Risk Register Risks

- annual review of the risk register to be reported to CLT, and Audit and Governance Committee in detail for overview;
- quarterly review of the risk register to be reported to CLT, and Audit and Governance Committee detailing any changes for approval;
- specific action plans developed for risk register actions and incorporated into service plans for progress monitoring by Service Managers;
- quarterly reporting on progress of actions to CLT, and Audit and Governance as part of the Council's Quarterly performance monitoring arrangements set out in the Council's Corporate Performance Monitoring Framework.

5.3 Risks included within the corporate risk register are categorised as either strategic risks or operational service risks.

6. Risk Profile Review

6.1 The Council's Risk Profile features all risks identified across the Council and is subject to an annual review. When new risks are identified they are included within the Risk Register and then are included as part of the annual review update. The updated risk register is attached as Exempt Appendix B

6.2 Following the review there are 121 risks included in the total risk profile. Of which 5 risks are on the Council's Risk Register of these 4 strategic risks and 1 operational risk. An update on the continuing risks is attached at Exempt Appendix C. The newly identified risks will be included in the next quarterly update.

6.3 9 additional risks have been identified since the last review and 9 risks have

been deleted from the Council's risk profile.

- 6.4 It is proposed that the identified risks as well as being allocated a score are further classified as low (green), medium (amber) or high (red). As shown in the table 1 below.

Table 1: Risk score RAG Status

5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5

- 6.5 Table 2 below shows a breakdown of the number of risks per service area:

Table 2: Number of risks by service area.

Service	Total Number of risks identified	Corporate Risk Register	
		Total Corporate Risks	Risk Score Above 10
Asset & Property Services	12	1	0
Bereavement Services	5	0	0
Car Parks	1	0	0
CLT/SLT	1	1	1
Communications and Partnerships	5	3	0
Craven Pool	9	0	0
Customer Services, Revenues & Benefits	8	2	2
Economic Development	1	0	0
Environmental Health & Housing	8	2	0
Financial Services	21	10	1
Human Resources (Including Health & Safety)	5	0	0
Information services	10	6	0
Legal Services	2	1	0
Democratic Services	3	0	0
Museum & arts development	10	1	0
Planning & Building Control	13	2	1
Waste Management	7	0	0
TOTAL	121	29	5

- 6.6 A summary of the current corporate risk register profile by service and score is illustrated in Table 3 below.

7. Risk Register Review

- 7.1 The Corporate Risk Register includes all strategic risks plus operational risks scoring over the Council's Risk Appetite of 10 (based on a 5x5 risk matrix). Those strategic risks scoring below 10 are managed at service level and reviewed by Managers and SLT and will only be reported to Audit and Governance Committee following the annual review.
- 7.2 Action plans have been developed for all risks on the risk register scoring 10 or more. Audit and Governance Committee receive a specific progress report against intended actions on a quarterly basis and detailed in the Risk Management Strategy.
- 7.3 The progress column reflects agreed actions required to mitigate the risk including any newly identified actions. Actions plans have been developed for all risks on the risk register. Audit and Governance Committee receive a progress report against intended actions in line with the monitoring process summarised in Section 5. The progress on actions to mitigate risks are given a RAG status in line with all the Council's performance monitoring reporting with Green indicating that the risk score has been reduced below 10.
- 7.4 The Risk Register has been reviewed since the report in March and progress on actions is reported within Appendix C, together with any changes to risk scores.

Risks moving on/off Corporate Risk Register

- 7.6
- No risk moving to services risk registers.
 - Two risks deleted from the register – identified as Green in Appendix C.
- 7.7
- 7 risks added to risk register, of which 2 have a score above 10 and therefore have action plans that are being monitored and will form part of the regular updates to Audit & Governance Committee.

8. Implications

8.1 Financial and Value for Money Implications

There are no financial implications associated with this report.

8.2 Legal implications

None arising directly from this report.

8.3 Contribution to Council Priorities

Risk Management contributes to all our Corporate Priorities by identifying hazards and ensuring adequate controls are in place to help ensure corporate priorities are achieved.

8.4 **Risk Management**

This report set out changes to the Council's Risk Management Strategy and Risk Profile and Risk Register

8.5 **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • isolation.

9 **Consultation with Others**

CLT, SLT (Risk Management Group), Service Managers, Greg Robinson – Independent Member Audit & Governance Committee

10. **Access to Information : Background Documents**

Risk Profile

Operational Risk Register

11. **Author of the Report**

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12. **Appendices**

Appendix A – Risk Management Strategy

Exempt Appendix B – Corporate Risk Register

Exempt Appendix C – Update on actions to mitigate risks in the Risk Register