

System of Internal Control

The Framework of Assurance established to satisfy the Council that the risks to achieving its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation

| Risk | Assurance Provider | Sources of Assurance | Links to Internal Audit Work Plan | Reporting to Members |
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| Internal Control environment inadequate/ineffective. | Internal Audit | Internal Audit Strategy. Internal Audit's Role and Terms of Reference. Risk based Annual Internal Audit Plan. Internal Audit Reports/opinions and outcomes from consultancy work undertaken. | Internal Audit Strategy. Internal Audit's Role and Terms of Reference. Risk based Annual Internal Audit Plan. Internal Audit reports/opinions and outcomes from consultancy work undertaken. | Internal Audit's Strategy, Role and Terms of reference and Annual Audit Plan approved by the Audit Committee. Quarterly/Annual Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan. Annual Report includes an overall opinion on the Council's control environment. |
| The financial position of the Council not presented fairly in the Financial Statements; the Annual Governance Statement not presented in accordance with relevant requirements; and proper arrangements are not in place to secure economy, efficiency and effectiveness in the use of resources. | External Audit | Risk based External Audit Plan. External Audit Reports/opinions. | Internal Audit's Annual Audit Plan discussed with External Audit to facilitate External Audit planning and minimise the duplication of audit effort wherever possible. | External Audit Plan and External Audit Reports, including the Annual Audit Letter, considered by the Audit Committee. Annual Audit Letter considered by Cabinet. |

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| Inadequate provision of services to the people of Darlington. | External Inspection Agencies | External Inspection Agencies' reports. | External Inspection reports reflected upon in the Internal Audit planning process. | External Inspection reports and progress on improvement action plans considered by relevant Scrutiny Committee/Audit Committee/Cabinet/Council. |
| Business risk processes inadequate/ineffective | Corporate Assurance | Risk Management Approach Corporate/Group Risk Registers. | Annual Audit Plan developed with reference to Corporate/Group Risk Registers. Risk Management function subject to periodic Internal Audit review as part of the cyclical audit process. | Risk Management Approach endorsed by the Audit Committee and approved by Cabinet. Six-monthly/Annual Reports to the Audit Committee on the outcomes from the Council's risk management processes. |
| Fraud and corruption arrangements inadequate/ineffective. | Internal Audit and Housing Benefits. | Anti-Fraud and Corruption Strategy, Policy, Fraud Response Plan, Anti-Money Laundering Policy and Anti-Bribery Policy and Procedures. Housing Benefit/Council Tax Anti-Fraud Strategy, Policy and Sanctions Policy. Confidential Reporting Policy. Internal Audit reviews of arrangements. Outcomes from bi-annual National Fraud Initiative exercises. Internal Audit/Housing Benefits case files. | Anti-Fraud and Corruption arrangements, including National Fraud Initiative exercises, administered by Internal Audit. The potential for a service to be susceptible to fraud reflected within Internal Audit's risk assessment model that underpins the annual audit planning process. Internal Audit review of Housing Benefits conducted on an annual basis. | Fraud related Policies and Strategies approved by the Audit Committee/Council. Confidential Reporting policy approved by Council. Annual Reports to the Audit Committee on the outcomes from the Council's anti-fraud and corruption arrangements. |
| Information governance arrangements inadequate/ineffective. | Information Security Section within Xentrall, Complaints and Information Governance Team and External Audit. | Corporate Policy Statement on Information Governance. Employees/Members Guide to Information Security. Information Risk Management process that informs the information governance work programme. | Information Governance/Sensitivity of data is reflected within Internal Audit's risk assessment that underpins the annual audit planning process. Information Governance subject to periodic Internal Audit review as | Corporate Policy Statement on Information Governance approved by Cabinet. Six-monthly reports to the Audit Committee on progress with implementation of the information governance work |

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| | | SIGG Agendas/Minutes. Officer/Member Training. Data Quality reflected upon by External Audit in their VFM assessment. | part of the cyclical audit process. | programme. External Audit VFM assessment considered by the Audit Committee and Cabinet. |
| Internal control environment of relevant areas of Xentrall inadequate/ineffective. | Stockton BC Internal Audit | Risk based Annual Internal Audit Plan. Internal Audit reports/opinions and outcomes from consultancy work undertaken. | Joint working protocol agreed between the Internal Audit Services of Stockton and Darlington to cover Xentrall audits. Copies of all relevant Stockton BC Internal Audit Reports on Xentrall forwarded to Darlington Internal Audit for information. | Stockton BC's Annual Audit Plan related to Xentrall considered by the Audit Committee. Quarterly Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan. |
| Local Code of Corporate Governance not implemented. | Corporate Group with responsibility for overseeing the drafting of the Annual Governance Statement. | Local Code of Corporate Governance Local Code individual key documents/functions matrices completed by relevant Lead Officers, covering awareness, monitoring and review actions. | Internal Audit direct effort annually to validate a sample of evidence to support delivery of awareness, monitoring and review actions detailed on the Local Code individual key documents/functions matrices. | Local Code endorsed by the Audit Committee and approved by Council. Annual Governance Statement considered by the Audit Committee prior to approval. |
| Grant processes inadequate. | External Audit Internal audit | External Audit Report on audited Grant Claims and Returns. Internal Audit sign-off of relevant Grant Claims. | Grant process arrangements subject to annual review by Internal audit. | External Audit Report on Grant Claims considered by the Audit Committee. Internal audit Grant Claims work referenced in Quarterly Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan. |
| Health and Safety practices and processes inadequate/ineffective | Health and Safety Unit | Corporate Health and Safety Policy. Heads of Service Health and Safety Management self assessments and action plans. Risk Assessments Reportable Accident Statistics | Health and Safety function subject to periodic Internal Audit review as part of the cyclical audit process. | Corporate Health and Safety Policy approved by Cabinet. Council's performance on health and safety reported annually to the Audit Committee. |

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| | | Outcomes from audits undertaken by the Health and Safety Unit. Officer/Member Training. | | |
| Property management arrangements inadequate | Corporate Landlord Function | Corporate Premises Database System and supporting documentation. | Corporate Landlord function subject to periodic Internal Audit review as part of the cyclical audit process. | Property management arrangements included in Council Risk Registers and, as such, included within member reporting arrangements for business risk processes. |
| Management control in respect of operational aspects of the business inadequate. | Chief Officers Board | Annual signed Assurance Statements from Assistant Directors. | Arrangements administered and outputs scrutinised by Internal Audit. | Annual report to the Audit Committee on the outcomes from the Assurance Statement process. |
| Capital Project management arrangements inadequate/ineffective. | Asset Management and Capital Programme Review Board | Asset Management and Capital Programme Review Board Agendas/Minutes and supporting documentation. | Project Office function subject to periodic Internal Audit review as part of the cyclical audit process. | Project Position Statement reported regularly to Cabinet. |
| Partnership governance arrangements inadequate. | Partnership Lead Officers | Annual Partnership Toolkit Questionnaires completed by relevant Council Partnership Lead Officers and supporting documentation. | Partnership Governance Arrangements subject to periodic Internal Audit review as part of the cyclical audit process. | Partnership Toolkit approved by Cabinet. Annual report to the Audit Committee on the operations of significant partnerships. |
| Treasury management arrangements inadequate. | Financial Services | Treasury Management Policy Statement, Strategy, Prudential Indicators and Procedures. | Treasury Management function subject to periodic Internal Audit review as part of the cyclical audit process. | Treasury Management Policy Statement, Strategy and Prudential Indicators considered by the Audit Committee and approved by Council. Treasury Management Procedures approved by the |

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| | | | | Audit Committee. Regular/Annual Reports to the Audit Committee and Cabinet on the performance of the Treasury Management function. |
| Financial management arrangements inadequate/ineffective. | Financial Services | Medium Term Financial Plan. Corporate Budget Setting/Monitoring processes and supporting documentation. Officer/Member Training. | Financial management arrangements subject to periodic Internal Audit review as part of the cyclical audit process. | Medium Term Financial Plan approved by Council. Quarterly Reports to Cabinet on Financial Performance. |
| Financial management arrangements in local authority maintained schools inadequate/ineffective. | School Governing Bodies | Schools annual self assessment returns against the Schools Financial Value Standard (SFVS). | Financial arrangements in schools subject to periodic Internal Audit review as part of the cyclic audit process. | School balances reported to Cabinet quarterly. |
| Ineffective management of the change agenda | Chief Officers Executive | Chief Officers Executive Agendas/Minutes and supporting documentation. | Internal Audit support/contribute to delivery of the Change Programme as relevant. | Reports to Cabinet and Scrutiny as appropriate. |
| Ineffective challenge in the procurement process. | Procurement Board | Procurement Board Agendas/Minutes and supporting documentation. | Procurement process subject to periodic Internal Audit review as part of the cyclical audit process. | Annual Procurement Plan approved by Cabinet. |
| Ethical health arrangements inadequate. | Legal Services | Member Code of Conduct. Officer Code of Conduct. Member/Officer Training. | Audit Committee reports on ethical indicators reflected upon in the audit planning process. | Members and Officers Codes of Conduct approved by Council. Audit Committee receives reports six-monthly on ethical indicators. |
| Lessons not learned from complaints received. | Complaints and Information Governance Team | Corporate, Adult Social Care, Children's Social Care, Housing and Public Health Complaints, Compliments and Comments | Complaints and Ombudsman reports reflected upon in the audit planning process. | Complaints Procedures approved by Cabinet. Annual report to Cabinet on complaints received and the |

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| | | Procedure. Complaints Records. Ombudsman complaints and outcomes. | | resultant organisational learning. Regular reports to Cabinet on Ombudsman complaints and outcomes. |
| Inadequate arrangements for the delivery of the Public Health function and responsibilities. | Director of Public Health | Public Health Work Plan. Health and Wellbeing Strategy. Director of Public Health's Annual Report. | Public Health function subject to periodic Internal Audit review as part of the cyclical audit process. | Regular reports to the Health and Wellbeing Board and Health and Partnerships Scrutiny Committee. |
| Ineffective system of internal audit | Senior Group of Officers | Annual Review of the system of internal audit and supporting documentation. | Internal Audit direct effort annually to support the review process. | Annual Review of the system of internal audit considered by the Audit Committee. |