AUDIT COMMITTEE
21 SEPTEMBER 2017

ITEM NO. ....

ANNUAL GOVERNANCE STATEMENT

Purpose of Report

1. To approve the Council's draft Annual Governance Statement.

Information and Analysis

2. The Accounts and Audit Regulations 2015 require local authorities to prepare, approve and publish, each year, an Annual Governance Statement.

3. The Annual Governance Statement must be signed by the Leader of the Council and Chief Executive and is a key corporate document involving a variety of people charged with delivering governance such as the Director of Neighbourhood Services and Resources as the financial officer responsible for the accounting control systems and records and the preparation of the Statement of Accounts and the Assistant Director Law and Governance as Monitoring Officer in meeting his statutory responsibilities.

4. The Annual Governance Statement for 2016/17 is attached at **Appendix 1**. It outlines the Council's responsibilities, explains the purpose of the governance framework, sets out the key elements, details the review of its effectiveness, highlights any significant governance issues and includes a commitment by the Leader of the Council and Chief Executive to ensure the continuous improvement of the system in place.

Recommendation

5. It is recommended that the draft Annual Governance Statement at Appendix 1 be approved.

Reasons

6. The recommendation is supported as it comprises part of the Council's corporate governance arrangements.

Paul Wildsmith
Director of Neighbourhood Services and Resources

Background Papers

(i)   CIPFA/SOLACE Publication(s) – 'Delivering Good Governance in Local Government – Framework and Guidance Note, 2016 Editions'.

(ii)   CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

(iii)   CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.

(iv)   Audit Services' Annual Report 2016/17 reported to Audit Committee March 2017.

(v)   Annual Audit Letter reported to Audit Committee December 2016 and Cabinet January 2017.

(vi)   Report on Annual Review of System of Internal Control including an Annual Review of Internal Audit Effectiveness reported to Audit Committee March 2017.

(vii)   Progress reports on Xentrall Audit Plan to Audit Committee December 2016 and March 2017.

(viii) Overview Report on Managers Assurance Statements reported to Audit Committee July 2017.

(ix)   Risk Management Reports to Audit Committee December 2016 and July 2017.

(x)   Corporate Health and Safety Report to Audit Committee September 2016.

(xi)   ICT Strategy Progress Reports to Audit Committee September 2016 and March 2017.

(xii)   Information Governance Programme Progress Reports to Audit Committee September 2016 and March 2017.

(xiii) Corporate Governance Update Report to Audit Committee July 2016.

(xiv) Anti-Fraud and Corruption Arrangements Reports to Audit Committee March 2017.

(xv)   Audit of Accounts Report to Audit Committee September 2017.

(xvi) Revenue Budget Monitoring Reports to Cabinet November 2016 and February 2017.

(xvii) Project Position Statement and Capital Programme Monitoring Reports to Cabinet November 2016 and February 2017.

(xviii) Performance Management Framework Reports to Scrutiny Committees.

(xix)   Prudential Indicators and Treasury Management Reports to Audit Committee December 2016 and January 2017 and to Council January 2017.

(xx)   Annual Review of Significant Partnerships Report to Audit Committee July 2017.

(xxi)   Xentrall Shared Services Annual Report to Cabinet July 2017.

(xxii) Ethical Governance and Member Standards Update Report to Audit Committee March 2017.

(xxiii) Children's Services Update on Improvement Report to Cabinet April 2017 and to Audit Committee December 2016.

(xxiv) Children's Services Improvement Review Letters from the Minister of State for Children and Families to the Leader of the Council dated 15 June 2016 and 30 January 2017.

(xxv)   Ofsted Letters following monitoring visit of Darlington Borough Council's Children's Services in October 2016, February 2017 and June 2017.

Lee Downey: Extension 5451

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	Apart from improvement actions in response to the Ofsted Report on Children's Services there is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	The report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The Council's governance arrangements and achievements underpin deliver of the strategy.
Efficiency	Apart from improvement actions in response to the Ofsted Report on Children's Services there is no specific efficiency impact.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

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

2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

3. The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government, the 2016 Edition. A copy of the Code is on our website at www.darlington.gov.uk or can be obtained from:

    Democratic Services
    Neighbourhood Services and Resources Group
    Town Hall
    Feethams
    Darlington
    DL1 5QT
    Tel (01325) 405995

4. This Statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

The Purpose of the Governance Framework

5. The governance framework comprises the systems and processes and culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

6. 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 ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the

likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

7.   The governance framework has been in place at the Council for the year ended 31 March 2017 and up to the date of approval of the Statement of Accounts.

The Governance Framework

8.   The key elements of the Council's governance framework are tabulated in Appendix A to this statement which also indicates their relevance to the following seven core principles that underpin good governance:-

(a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

(b) Ensuring openness and comprehensive stakeholder engagement.

(c) Defining outcomes in terms of sustainable economic, social and environmental benefits.

(d) Determining the interventions necessary to optimise the achievement of the intended outcomes.

(e) Developing the entity's capacity, including the capability of its leadership and the individuals within it.

(f) Managing risks and performance through robust internal control and strong public financial management.

(g) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

9.   Each key element, as detailed in the Council's Local Code, has a nominated lead officer, outlines the duty to which it relates and includes three discrete types of action:-

(a) Awareness - making sure that everyone who needs to know about the element does know.

(b) Monitoring - ensuring that the duty is carried out.

(c) Review - actions to ensure that the element is reviewed in the light of effectiveness and emerging good practice.

10.   The governance framework continually evolves to embrace new areas of service and the associated controls, and also to encompass regulatory reviews/recommendations and the Council's financial management arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The governance arrangements

also conform to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public service organisations.

Review of Effectiveness

Background

11. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by an Assurance Framework, documented in Appendix B, that includes the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Corporate Assurance's Annual Internal Audit Report, and also comments made by the external auditors and other review agencies and inspectorates.

12. This Statement has been prepared by a management group that has responsibility for evaluating assurances and the supporting evidence. The group comprises the:-

    (a) Chief Executive
    (b) Director of Neighbourhood Services and Resources (S151 Officer)
    (c) Assistant Director Law and Governance (Monitoring Officer)
    (d) Assistant Director Finance and Human Resources
    (e) Head of Strategy, Performance and Communications

13. The Audit Committee is responsible for the independent review and approval of the Annual Governance Statement following examination of the supporting evidence.

14. Assurance on adequacy and effectiveness is outlined under the following categories identified in the Council's Assurance Framework.

External Regulatory Reviews

15. A routine inspection by Ofsted of services for children in need of help and protection, children looked after and care leavers, was performed between 23 June and 16 July 2015. The inspection report subsequently published on 1 September 2015 gave Darlington an overall judgement of Inadequate.

16. Several mechanisms were put in place to drive improvements across Children's Services as required by Ofsted and the Department for Education. In the last twelve months work has continued and improvements have been made.

17. Ofsted has undertaken two further monitoring visits in line with the framework for monitoring and re-inspecting Local Authority Children's Services judged inadequate. The third in February 2017 focused on the following areas:

    (a) the Authority's response to contact and referrals
    (b) information sharing between agencies and professionals

(c) the quality of child protection enquiries
(d) the quality of children's assessments and plans
(e) management oversight of practice.

18. The monitoring visit letter was published in March 2017. In it, Inspectors found that contacts to children's social care receive a timely and effective response with robust checks and appropriate decisions. They also noted good progress to the timeliness and quality of child protection enquiries, and found much evidence of improved compliance in meeting statutory timescales.

19. Inspectors noted that there was now evidence of compliance, although they add, overly focusing on timescales could limit Managers focus on quality of assessment.

20. In the fourth visit in June 2017 Inspectors focused on:

(a) The effectiveness of performance management information
(b) The quality assurance framework
(c) The quality of social work practice and management oversight
(d) The effectiveness of scrutiny by senior leaders and Elected Members

21. In the letter, published in July 2017, inspectors confirmed that governance arrangements had been strengthened, performance management was much improved and quality assurance systems were becoming more effective. The stability of the workforce was also noted as improving.

22. Inspectors found sustained progress in services to children in need of help and protection, in relation to response times to contacts and referrals. Worth noting is the reference to timely completion of assessments, statutory visits and reviews. Areas for improvement were highlighted in relation to the life stages work. All of this work has now been progressed and completed.

23. The second Department for Education (DfE) Review took place in November. Following this, the Minister advised that the Children's Services Improvement Board would meet bi-monthly from February 2017, due to the pace and improvements being made.

24. The next DfE review took place on 28 June attended by the DfE Link Officer, and the Independent Chair of the Childrens Services Improvement Board. During this review they met with a range of Social Workers and Managers as well as stakeholders, to discuss their progress and work to date.

25. Initial feedback was positive, with the review team praising the improvement progress to date, and acknowledging the continued improving morale of the workforce. This usually results in a letter from the Minister for Children. However the Council have been informed that he is taking a more risk based approach and is writing to those Councils giving greater concern, and that Darlington will therefore not receive a letter.

26.   The DFE Link Officer has agreed subsequently to provide her written account of the review.

Corporate Planning and Performance Management Framework

27.   The focus of the Council's corporate planning process is on delivery of priorities within the Sustainable Community Strategy (SCS), One Darlington Perfectly Placed, and the three conditions considered necessary to bring about delivery of the vision:

(a)   Strong Communities – enabling people to live fulfilling lives with less involvement from public services.
(b)   Every Public Pound Well Spent – maximising the value from all public expenditure.
(c)   Growing the Economy – generating income streams, employment and opportunities.

28.   The foundation of the planning process is the SCS which was refreshed in 2013/14. Delivery of the SCS is via a series of underpinning Strategies, Delivery Plans and ultimately individual Performance Development Reviews. A Performance Management Framework (PMF) accompanies the planning regime and is based on a suite of performance indicators with targets and actions relevant to the locally determined outcomes described within the SCS.

29.   The Corporate Plan (2017-21) is being revised. If approved by Council in the autumn, it will provide a clear link between the SCS and the corporate policy framework, and will include a range of measures of success that are grouped into target and tracker indicators.

30.   The Councils Performance Management Framework provides for electronic calculation of performance indicators, together with the review of data entries. Indicators are grouped into four main categories; strategic, delivery, corporate health, and change programme. Training is provided to users of the Performance Management Framework.

31.   Regular monitoring takes place at monthly meetings at service level, and at quarterly Performance Clinics with the Chief Executive and senior managers. Key performance indicator performance is also monitored by Scrutiny Committee Chairs and Vice Chairs, and in 2016/17 it was agreed an additional level of performance monitoring would be implemented in 2017/18 by submission of an agreed basket of key performance indicators to the relevant scrutiny committees.

32.   The 2015/16 Governance Statement identified the clear focus as being to deliver positive progress against the Children's Services Improvement Plan. Since then significant progress has been made against the Plan, including a strengthened leadership team, improved performance management and timeliness of reviews and visits reduced caseloads, and an increased focus on Looked After Children's education. This progress was acknowledged in February 2017 and reduced the Improvement Board to bi-monthly. The Improvement Plan has now been updated to focus on the remaining priorities.

33. In 2016/17 the Corporate Performance Management Team was reformed and will be strengthened in 2017/18 following the appointment of a new Performance Manager. Data quality and the performance management framework (process and system) will be reviewed.

34. Year-end performance across the Council and the SCS outcomes is mixed, with key trends outlined below (paragraphs 36 – 43). In all instances the latest available data has been used: where the data refers to performance prior to 2016/17 this is because these measures are published with a time lag.

35. In terms of measures for Healthy and Independent, Darlington consistently has relatively low incidences of Tuberculosis and new sexually transmitted infections. The borough does record higher than the national average for hospital admissions for alcohol-related conditions, recorded diabetes, smoking-related deaths, under 75 mortalities from cancer and premature mortality from all causes, although is still below the regional average for most of these measures. Working with partners such as Health, the Council continues to address these priorities via the commissioning of appropriate services and leading on campaigns.

36. In terms of giving Children the Best Start in Life, the percentage of children achieving a good level of development in early years is above regional and statistical neighbours and the proportion of 16 to 24 year olds not in employment, education or training is falling. Since 2013/14, apprenticeship starts have grown at a higher rate than nationally. Under-18 conceptions are falling and family homelessness is significantly lower than the regional and national averages. In terms of priorities going forward, however, attainment of pupils eligible for free school meals needs to improve, as does general attainment between Key Stage 2 and Key Stage 4. Whilst breastfeeding and smoking at the time of delivery rates are improving, they are still below the national average. Hospital admissions for self-harm is still above average, and the proportion of children living in poverty is rising and expected to grow.

37. The Council's contribution to making Darlington a safe and caring community is largely via its input to the Community Safety Partnership, a group comprising the Council, police, health, probation and fire and rescue to tackle crime and anti-social behaviour, which has recently been restructured to strengthen ties with Health and Wellbeing Board and a newly created Multi-Agency Partnership to allow for quick, operational responses to incidents. Darlington also has the highest percentage of eateries with top marks for food hygiene of 360 UK council areas.

38. In terms of encouraging residents to be active and involved, the proportion of adults participating in sport at least once a week in Darlington is significantly higher than both the regional and national averages. More broadly, in terms of widening general participation in civic life, progress towards relocating the borough's main library to the Dolphin Centre will encourage greater use of this facility by a wider cross-section of Darlington residents.

39. Regarding the economy, on most indices Darlington has outperformed national growth trends since 2012, including increases in median weekly workplace and

residence-based earnings, although these indices are still below the national average. Average gross disposable household income fell slightly in 2015, to 87% of the national average, likely due to the impact of welfare reforms and Darlington's high over-65 population. Darlington's Gross Value Added (GVA) demonstrated the 7th highest percentage growth nationally of 228 areas between 2014 and 2015, and GVA per head increased to significantly above local averages. The number of Value Added Tax (VAT) or Pay As You Earn (PAYE) registered enterprises has also increased. Youth unemployment however is a significant problem: in June 2017, 6.4% of 18-24 year olds in Darlington were claiming working-age benefits, compared to 4.6% regionally and 2.6% nationally

40. The 2016 Medium Term Financial Plan (MTFP) included significant cuts to the Council's grounds maintenance, street cleaning and waste collection services. To ensure that there are More People Caring for Our Environment therefore, significant work is being undertaken to support and work with communities and partners to maintain a clean, green environment. There are already an estimated 50 active "Street Champions" across the Borough, and refuse, recycling and composting rates have increased since the implementation of alternative weekly bin collections.

41. In respect of Enough Support When Needed, performance delaying and reducing the need for care and support is mixed. Darlington scores well for delayed transfers of care from hospital and in terms of the proportion of over 65s offered reablement services following hospital discharge. Conversely, however, the proportion of over 65s who were still at home 91 days after hospital discharge into reablement services is below the national average, although this measure is improving. Similarly, the rate of adults whose long-term support needs are met by admission to residential and nursing care homes in Darlington, per 100,000 population, has been high over recent years but work to address this issue has been successful with a significant improvement in this measure recorded in the last year.

42. Finally, performance against "A Place Designed to Thrive" is positive. Investment has been secured for a number of important cultural assets, including the Hippodrome, Theatre Hullaballoo and Indoor Market; £100,000s have been won in connection with the Healthy New Towns initiative to invest in the Eastern Growth Zone, including regeneration of the Red Hall estate; and 166 affordable homes have been built since 2015, with another 170 planned over the next 3 years.

Transformation Programme

43. The Transformation Programme was re-focused in 2016 to prioritise Children's Social Care, Adults Social Care and the Better Care Fund which is our joint working with Darlington Clinical Commissioning Group (CCG).

Childrens Transformation

44. The focus around Childrens transformation has been centred on achieving savings as determined by the MTFP, with a realignment of all Early Help services into one service under a single management structure. A single contact and referral point of entry for Children's Access Point and First Response Team is now in place.

45. Transformation projects contribute to the embedding of high quality, consistent and sustainable service delivery across Children's Services.

Adults Transformation

46. The Adults programme has focused on developing a modern and sustainable operating model that is best placed to respond to the challenges and maximise the opportunities that face the sector. A central theme of the programme is the adoption of strength based approaches that prevent, reduce and delay the need for formal support. This approach promotes the independence and quality of life of adults living in our communities, while ensuring that resources are deployed in a way that supports the delivery of the MTFP.

47. The Adult Social Care programme is centred on the delivery of four strategic themes: managing demand, maximising independence, self- directed support and a cost effective and sustainable market. The programme seeks to deliver these themes by adopting and embedding 'best in class' practice models.

48. Delivery of both internal Programmes are monitored via a Transformation Board, with monthly meetings and monthly reporting on progress in terms of delivery and financial savings.

49. At a project level a paired down Prince 2 based methodology is still in use which includes the preparation and approval of project briefs, project initiation documents and project plans with exception reports produced in the event of deviation from plan. Delivery continues to be supported by lean process reviews and improvement events.

Better Care Fund

50. Darlington has a shared, agreed vision for a sustainable health and social care economy articulated in the Health and Wellbeing Plan, and derived from the sustainable community strategy *One Darlington: Perfectly Placed*, which serves as Darlington's Health and Wellbeing Strategy.

51. This Better Care Fund (BFC) plan is a key delivery mechanism of the Health and Wellbeing Plan, developed jointly by Darlington CCG and Darlington Borough Council, "owned" and signed off by the Health and Wellbeing Board. The Health and Wellbeing Plan is under review and will be signed off by Health and Wellbeing Board in Q3 2017/18. The plan for Darlington places the community at the heart of commissioning intentions to improve health and wellbeing and to reduce health inequalities for the population. BCF 2017-19 will deliver change in the areas of intermediate care and reablement, care homes, transfers of care from hospital to home, and in out of hospital provision including through the voluntary sector.

52. Work in the BCF plan complements the direction set in the Next Steps on the NHS Five Year Forward View, the Sustainability and Transformation Partnerships (STPs).

53. The Programme is currently being refreshed to reflect the current MTFP 2017 to 2021. A number of key projects have concluded. This includes the implementation of a new Social Care ICT System in both Adult and Children's Social Care. The system for Children's (LCS) being implemented in October 2016 and the system for Adult Social Care (LAS) being implemented in June 2017. The installation of these systems will give a greater over view of the performance of these service areas and allow greater transparency of budget monitoring (especially in the case of LAS) as the system is fully integrated with ContrOCC (the systems used to manage contracts and payments to providers). Work will continue to review business processes across Social Care to ensure the systems that we have implemented aid both the Transformation Agenda and the service.

Managers' Assurance Statements

54. Annual Managers' Assurance Statements (MAS) are an integral part of the framework that supports production of the Annual Governance Statement.

55. The Statements cover key aspects of the internal control environment on which assurance is required and were completed by all Assistant Directors and endorsed by the appropriate Director. The output from the exercise was reported to the Audit Committee in July 2017.

56. Generally the overall position was positive. The common improvement themes highlighted were the need to complete the refreshed information risk assessments and deliver associated action plans, to continue to test regularly Business Continuity Plans for identified priority services and to ensure inventories are kept current. These matters are to be progressed by Assistant Directors during the 2017/18 financial year.

57. Other matters raised concerned more specific operational issues to be addressed in certain areas related for example to changes in duties and responsibilities.

Financial Management

58. The Council's MTFP now incorporates a four-year financial plan. The Council sets its annual revenue budget, capital programme and council tax and treasury management strategy within this wider planning framework. The Medium Term Plan, annual budgets and council tax are developed in consultation with partner organisations in all sectors, residents and employees and are approved by full Council.

59.	The Council continues to face a significant financial challenge and since 2010 has agreed reductions in planned expenditure in real terms of over £46m. The Local Government Finance Settlement for 2017/18 has further reduced comparable government funding by £37.3m in real terms since 2010/11 and projected to rise to £44m by 2020/21.

60.	The current MTFP for 2017 to 2021 includes plans to radically restructure Council services to deliver over £10m worth of savings with the need to further utilise reserves to invest in the 'futures fund' that are services the Council does not have to provide but which add great value to Darlington.

61.	The Plan is continually monitored and reviewed by Officers and Members and is revised at least annually when an updated rolling four-year plan is produced.

62.	Responsibility for controlling and managing budgets is delegated to Directors and devolved to service managers. Financial management is closely integrated with service management and a quarterly update is taken to Cabinet and Efficiency and Resources Scrutiny Committee to enable them to monitor and scrutinise financial performance and service delivery.

63.	The Council must comply with external financial reporting requirements, including publishing an annual Statement of Accounts ('the Accounts') and reporting to Central Government and other funding providers. The Accounts, which are prepared in accordance with relevant legislation and codes of practice, are approved by the Council's Audit Committee and are independently audited.

64.	The Council's cash-flow, borrowing to finance capital expenditure and investments are managed through the Treasury Management Strategy, approved by full Council, and in accordance with legislation and codes of practice. The Strategy and associated policies and procedures were reviewed in 2017. The Council manages its investments to minimise risk of losses, ensure funds are available when needed and achieve interest income.

65.	Governing Bodies have formal responsibility for financial management within schools. A Schools Financial Value Standard (SFVS) has been designed by the Department for Education to assist schools in managing their finances and to give assurance that they have secure financial management in place. The Governing Bodies of each local authority maintained school are required to undertake a self-assessment annually against the SFVS and send a copy, signed by the Chair of Governors, to the local authority Finance Division. All returns for 2016/17 have been received and overall they reflect a positive position. Any remedial actions considered necessary are detailed together with an appropriate implementation date. The SFVS returns are used by the local authority to inform their programme of financial assessment and audit.

Counter Fraud

66. The Council's Anti-Fraud and Corruption Strategy reflects a zero tolerance approach and is based on a series of comprehensive and inter-related policies and procedures designed to deter, frustrate, or take effective action against any attempted fraudulent or corrupt acts.

67. The counter fraud arrangements are subject to annual review and the outcome of the latest evaluation was reported to the Audit Committee in March 2017. The review included self-assessments against the 'CIPFA Code of Practice on Managing the Risk of Fraud and Corruption' and the 'Local Government Counter Fraud and Corruption Strategy 2016-19' checklists; a summary of reported suspected frauds and whistle blowing cases; and an update on the National Fraud Initiative.

68. The review concluded that the Council's arrangements remain appropriate and fit for purpose when compared to national good practice guidance and that overall the number of reported frauds and whistle blowing cases remains low. However, the Council is not complacent and the position will be kept under review.

Risk Management

69. Risk is one of the elements of information incorporated into the Council's service planning process. Risk management is, therefore an essential element in establishing policy, developing plans and enhancing operational management.

70. The risk management process involves identifying, analysing, managing and monitoring risks. The identification of risks is derived from a 'top down' (corporate) and a 'bottom up' (group) process of risk assessment and analysis resulting in coverage of the whole Council. The process prioritises the risks resulting in a focus upon the key risks and priorities. The risks are managed through the development of appropriate action plans, allocated to responsible officers.

71. The approach to, and the outcomes from, the Council's risk management processes for 2016/17 were reported to the Audit Committee in July 2017. The report detailed generally positive progress upon delivery of action plans to mitigate key risks including those relating to the domiciliary care residential care provider market following implementation of the Care Act/Living Wage, as well as delivery of the Children's Services Improvement Plan and the information governance agenda, areas that are mentioned in more detail elsewhere in this Statement.

72. The report also outlined advances in the management of operational risks. The organisation now has over 70 health and safety champions who receive appropriate training and meet regularly with senior management. The champions play a key role in raising awareness, monitoring work practices and communicating health and safety messages. In addition, the Health and Safety Team have continued to work with service managers to develop and review risk assessments and safe systems of work and there is a full programme of health and safety management training delivered internally.

ICT

73. The Council's ICT Strategy focuses on five strategic priorities, namely ICT Service Development; ICT Governance; ICT Strategic Architecture; Business Development; and an ICT Competent Workforce and Members.

74. Implementation of the Strategy is led by the Chief Officers Board, chaired by the Director of Neighbourhood Services and Resources, acting as the Systems and Information Governance Group (SIGG). SIGG is tasked to produce six-monthly reports on implementation progress to the Audit Committee.

75. The progress report to the Audit Committee in March 2017 documented positive progress on each of the five key programmes. This included reference that ICT Services have continued to pass the Payment Card Industry Data Security Standards quarterly tests; progress on architecture included upgrades to the Geographical Information System, upgrades to several server management and ICT management systems and completion of work in relation to ICT security and resilience in relation to anti-virus and threat detection; and the End User Computing sub-team continue to assist ICT users in their use and exploitation of ICT through ongoing support, on-site visits, briefings and demonstration days.

76. As regards Business Development, a Systems and Information Strategy has been produced. This is to complement the ICT Strategy by ensuring that investment in service based ICT systems is correctly targeted, whereas the ICT Strategy is concerned with corporate systems and underpinning ICT architecture. Development and delivery of the Systems and Information Strategy is by SIGG who approve the work programme requested of the ICT Service thereby ensuring that this finite resource is correctly targeted to meet the objectives of the Council as a whole.

Information Governance

77. The Council has an Information Governance Work Programme shaped by a number of external information assurance requirements that represent good practice and have common objectives, namely compliance with information related legislation, approval to use essential external party systems and services and improvement in service delivery.

78. Implementation of the Programme is led by the Systems and Information Governance Group (SIGG) which is tasked to produce six-monthly reports on implementation progress to the Audit Committee.

79. The update report to the Audit Committee in March 2017 noted recent work that included a revised information risk checklist and associated guidance to incorporate the requirements of the General Data Protection Regulations (GDPR); appointment of the Director of Children and Adult Services as Caldicott Guardian together with a review of the Caldicott support function; streamlined incident management process; face-to-face information security awareness sessions with Children and Adult Services managers and staff; and an improved intranet presence for information governance processes, procedures and guidelines.

80. The report noted that the areas of highest priority were the completion of the revised information risk assessments and the timely delivery of the associated improvement action plans; effectively communicating and embedding the revised incident management process across all services; and completion of the mandatory on-line information governance awareness courses by all staff with access to the Council's network.

Capital Project Management

81. The Council has an established dedicated Capital Projects Team that operates to a consistent capital project management methodology. Any significant projects are assigned to the Capital Projects Team for delivery.

82. In addition, the Asset Management and Capital Programme Review Board (AMCPRB) perform a strategic gate-keeping role on capital projects and considers their governance arrangements. The Board is chaired by the Director of Neighbourhood Services and Resources with membership from Chief Officers with responsibility for capital projects, Council assets and those with specific technical, financial and legal expertise to add value to challenge and monitor the programme.

83. The Capital Projects Team has responsibility for the coordination of a Project Position Statement (PPS). The PPS provides a single source of key information relating to the Council's commitments on capital projects and programmes monitoring projects that deviate from agreed tolerances in relation to time, cost or quality to enable proactive management. The PPS is reported to the AMCPRB at every meeting and quarterly to Cabinet.

84. Further enhancement to the project management systems are underway and a proprietary system is being considered within Xentrall's ICT Work Programme. Procurement is expected in 2017/18 and once installed and tested a roll-out will be scheduled with a refresh of the methodology and training on use of the electronic system.

Internal Audit

85. The Council's Internal Audit Division operates to the UK Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note.

86. The Annual Internal Audit Plan is risk-based and sets the foundation for an objective review of key controls and procedures operating within the Council. The Audit Committee approves the Annual Internal Audit Plan and receives progress reports against the Plan during the year, including any significant matters arising or other issues of concern, and Internal Audit's Annual Report.

87. Internal Audit concluded in their Annual Report for 2016/17, reported to the March 2017 Audit Committee, that overall the Council continues to operate within a control environment that is generally sound.

88. A Shared Internal Audit Service with Stockton Borough Council commenced on 1 April 2017, following the agreement of both Councils. The intention was to future proof the important functions that the Service provides while enabling a saving to be achieved, not least in management costs. In particular, the arrangement will enhance the resilience of the Service.

89. The Audit Charter and Audit Plan 2017/18 for the Internal Audit Shared Service were approved at the March 2017 Audit Committee and its Quality Assurance and Improvement Process was noted.

Annual Review of the Effectiveness of the System of Internal Control incorporating the Annual Review of Internal Audit Effectiveness

90. An annual review of the effectiveness of the Council's system of internal control incorporating an annual review of internal audit effectiveness was carried out by a team of senior officers that comprised the Assistant Director Regulatory Services and the Assistant Director Housing and Building Services. The findings of the review were considered by the Audit Committee in March 2017.

91. The review team concluded that the Council has an effective system of internal control and an effective internal audit.

Xentrall-Shared Service Partnership

92. A shared service partnership was established in May 2008 with Stockton BC for the provision of ICT, Transactional Finance and HR and Print and Design. Stockton BC is the host authority.

93. The partnership is now in its tenth year of the original ten year agreement. The original business case identified a number of efficiencies and developments to be delivered and initial savings of £7.4m over the original ten year period. Xentrall has delivered all of these plus additional efficiencies and benefits and is now on target to deliver £13.6m savings over the same time period. At the same time the quality and performance of services have improved, with both customer and staff satisfaction increasing.

94. As a result of the ongoing success of the partnership in achieving savings and sustaining service performance, Cabinet, in April 2015, approved a variation to the original ten year agreement making it a continuing agreement with no defined end date but retaining the 12 month notice termination clause.

95. The internal audit of the partnership is undertaken by Stockton BC and the outcome from the audit work carried out is reported quarterly to the Darlington Audit Committee. The overall position on audit assurance opinions for 2016/17 was positive.

Partnership Working

96. In March 2007, Cabinet adopted a partnership working toolkit to provide a means to ensure that the Council's resources were effectively employed, the performance of each partnership was monitored and adequate governance arrangements were in place. As part of the toolkit, a clear definition of a partnership and those classed as significant was documented and this included whether the arrangement was a major contributor towards achieving the Community Strategy objectives. The toolkit that comprises a questionnaire is completed by the Council Lead Officer for each partnership.

97. There are annual reviews of significant partnerships led by the Darlington Partnership Director based upon completed questionnaires. The outcomes from the latest review were reported to the Audit Committee in July 2017.

98. The report summarised the range of partnership working undertaken by the Council and generally, an overall positive position on outcomes and governance arrangements was depicted.

99. Partnership Lead Officers recognise and accept that ensuring governance arrangements remain relevant is an ongoing process. For example, Terms of Reference are reviewed periodically to ensure that they remain fit for purpose and risk registers are regularly updated to reflect emerging risks and changes in circumstances.

100. The toolkit has been effective in identifying high level concerns of the significant partnerships. Reduction in funding and the consequent effect on capacity are the predominant issues raised by Lead Officers that have potential implications for the effective operation of the partnerships. Each partnership is monitoring this issue closely.

Joint Ventures

101. The Council is investor and shareholder of a joint venture company delivering a small housing development following approval by Cabinet on 8 November 2016.

102. The risks and governance safeguards in place with respect to this joint venture include internal and company audits, restriction on banking facilities, monthly progress reports and quarterly board meetings. Further details are contained in the Assurance Framework at **Appendix B** of this report.

Member Standards

103. In 2016/17 there were eight complaints received against Members.

104. The 2016/17 figure includes complaints concerning both Borough Council and Parish Council members. There were six complaints about the conduct of Borough Council Members (three of the complaints against the same Member about the same issue) and two complaints concerning Parish Council Members.

105. This is considered a relatively low number given the number of Members we have, and the range and volume of matters that Members are involved with.

106. The Independent Person continues to be involved at the assessment stage of complaints handling and the process of liaison between her and the Monitoring Officer in considering the initial assessment of complaints is working well. In terms of complaints handling, seven of the complaints were dealt with by other action and one by investigation.

107. The Audit Committee has responsibility for ethical values as part of its remit. This includes reviewing Ethical Health Indicators across a range of activities in order to identify any peaks in activity that could indicate areas of possible concern. Update reports about member standards issues and also ethical indicators were presented to the Audit Committee in March 2017 with no particular issues of concern identified. The format of the report was refreshed in December 2015 with the indicators displayed in graphic rather than solely tabulated format.

108. Refresher Training sessions on the Code of Conduct have started to be delivered (two sessions held in July 2017) in accordance with Mandatory training requirements for Members (training required on the Code of Conduct every two years).

109. All Members are reminded to update their register of interests forms on an annual basis (this was referenced at the Code of Conduct training session held in July 2017) and these are published on the Council's website.

110. Parish Councils', Members' Interests' Forms are also published on the Borough Council's website and are updated following co-option of Parish Members.

111. The Monitoring Officer continues to provide advice to Members on interests on an ongoing basis and Members do self-identify their concerns. The Monitoring Officer also raises issues with individual Members ahead of meetings as required. Compliance with the advice given by the Monitoring Officer is good.

Efficiency and Resources Scrutiny Committee

112. Scrutiny forms an important part of the Council's governance arrangements by providing independent examination of executive roles. Efficiency and Resources Scrutiny Committee has responsibilities for examining the Council's arrangements for financial planning, performance and service delivery, project and asset management and procurement and contracts. The Committee develops and implements an annual work programme to manage its continuing oversight role and undertake specific pieces of work.

113. During 2016/17 the Committee was involved in scrutinising the annual review of the MTFP and held a number of special meetings to consider the proposals made, both for its own areas of responsibility and also responses and detailed work from all other scrutiny committees, from which it made recommendations to Cabinet in February 2017 to inform their deliberations. Efficiency and Resources Scrutiny will

continue to lead on scrutinising the budget and MTFP and assist with the implementation and development of the required savings.

External Audit

114. The Council's external auditors Ernst and Young LLP (EY) are expected to give an unqualified opinion on the Council's 2016/17 accounts by the target date of 30 September 2017.

115. The external auditors are expected to issue an unqualified value for money conclusion on the adequacy of the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources.

116. EY review the Annual Governance Statement to consider whether it complies with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to them. They are expected to confirm that they found no areas of concern in this context.

117. The auditors are also required to report to management and the Audit Committee any significant deficiencies in internal control identified during their audit. EY have not raised any significant matters in this regard.

Conclusion

118. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee. In conclusion, we are satisfied the Council has robust governance arrangements in place and are committed to the continuous improvement of the system.

Signed _____   Dated _____
        Leader of the Council

Signed _____   Dated _____
        Chief Executive

Document/Function	Core Principles of Corporate Governance						
	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of the intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
Sustainable Community Strategy		✓	✓	✓			✓
Constitution	✓	✓					✓
Corporate/Service Planning and Performance Management Framework		✓	✓	✓	✓	✓	✓
Communications and Engagement Strategy	✓	✓	✓	✓			✓
ICT Strategy			✓		✓		
Workforce Strategy	✓				✓		
Schedule of Council Meetings		✓					✓
Council Procedure Rules	✓	✓					✓
Record of Decisions		✓	✓	✓			
Partnership Working	✓	✓	✓	✓	✓	✓	✓

Document/Function	Core Principles of Corporate Governance						
	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of the intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
Toolkit							
Code of Conduct for Members	✓	✓					✓
Members Induction and Training Programme	✓	✓			✓	✓	✓
Code of Conduct for Employees	✓	✓					
Officer and Member Protocols	✓				✓		
Confidential Reporting Policy	✓					✓	✓
Code of Corporate Governance	✓	✓	✓	✓	✓	✓	✓
Risk Management Approach				✓		✓	✓
Anti-fraud and Corruption Policies	✓					✓	✓
Capital Projects		✓	✓			✓	

Document/Function	Core Principles of Corporate Governance						
	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of the intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
Methodology							
Information Governance Policies	✓	✓				✓	✓
Procurement Strategy	✓	✓	✓			✓	
Contract and Property Procedure Rules	✓	✓	✓			✓	
Medium Term Financial Plan/Budgets		✓	✓	✓		✓	✓
Treasury Management Framework						✓	
Annual Statement of Accounts		✓				✓	✓
Financial Procedure Rules	✓	✓				✓	✓
Scheme of Delegation		✓			✓		✓
Complaints Process	✓	✓					✓
Equalities Plan		✓	✓	✓			

Document/Function	Core Principles of Corporate Governance						
	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of the intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
Business Continuity Plans		✓				✓	
Health and Safety Policy		✓				✓	✓

Assurance Framework

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
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	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.

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
in place to secure economy, efficiency and effectiveness in the use of resources.				
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.	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.	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.

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
		Outcomes from bi-annual National Fraud Initiative exercises. Internal Audit/Housing Benefits case files.	Internal Audit review of Housing Benefits conducted on an annual basis.	
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. COB Agendas/Minutes. Officer/Member Training. Data Quality reflected upon by External Audit in their VFM assessment.	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 part of the cyclical audit process.	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 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	Local Code of Corporate Governance Local Code individual key documents/functions matrices	Internal Audit direct effort annually to validate a sample of evidence to support delivery of awareness, monitoring and	Local Code endorsed by the Audit Committee and approved by Council. Annual Governance

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
	Governance Statement.	completed by relevant Lead Officers, covering awareness, monitoring and review actions.	review actions detailed on the Local Code individual key documents/functions matrices.	Statement considered by the Audit Committee prior to approval.
Grant processes inadequate.	External Audit Internal Audit	External Audit Report on audited Grant Claims. 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 Outcomes from audits undertaken by the Health and Safety Unit. Officer/Member Training.	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.
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

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
				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.
Joint Venture Housing Investment	Internal Audit DBC Directors Legal Services advice as required	Copies of Company Audit reports Access to Banking facilities Restriction on Banking Facilities without approval of 2 Directors Weekly Sales Report Monthly Progress Report Quarterly Board meeting attended by DBC Directors with Legal, Finance and Housing expertise. Shareholders Reserved Matters	Joint Venture Arrangements subject to periodic internal audit review and reviewed as part of cyclical audit process	Joint Venture Arrangements included in the Council's risk register and as such included within member reporting arrangements for business risk processes.
Treasury management arrangements	Financial Services	Treasury Management Policy Statement, Strategy, Prudential Indicators and Procedures.	Treasury Management function subject to periodic Internal Audit review as part of the	Treasury Management Policy Statement, Strategy and Prudential Indicators

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
inadequate.			cyclical audit process.	considered by the Audit Committee and approved by Council. Treasury Management Procedures approved by the 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 Officer 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 to 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	Annual Procurement Plan approved by Cabinet.

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
			audit process.	
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 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 Procedures. Complaints Records. Ombudsman complaints and outcomes.	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 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 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.