



**DARLINGTON**

Borough Council

# Audit Committee Agenda

10.00 am

Wednesday, 28 September 2022

Council Chamber, Town Hall, Darlington. DL1 5QT

**Members of the Public are welcome to attend this Meeting.**

1. Introductions/Attendance at Meeting
2. Declarations of Interest
3. To approve the Minutes of the Audit Committee held on 20 July 2022 (Pages 3 - 6)
4. Annual Grants Certification Report 2020/21 –  
Report of the Group Director of Operations  
(Pages 7 - 8)
5. Ethical Governance and Member Standards - Update Report –  
Report of the Assistant Director, Law and Governance and Monitoring Officer  
(Pages 9 - 18)
6. External Audit Plan 2021/22 –  
Report of the Group Director of Operations  
(Pages 19 - 66)
7. ICT Strategy - Implementation Progress Report –  
Report of the Assistant Director, Xentrall Shared Services  
(Pages 67 - 70)
8. Information Governance Programme - Progress Report –  
Report of the Group Director of Operations  
(Pages 71 - 76)

9. Mid Year Prudential Indicators and Treasury Management Monitoring Report 2022/23 – Report of the Group Director of Operations  
(Pages 77 - 92)
10. Anti Fraud and Corruption Strategy 2022/23 – Report of the Audit and Risk Manager  
(Pages 93 - 106)
11. Audit Services - Activity Report – Report of the Audit and Risk Manager  
(Pages 107 - 128)
12. SUPPLEMENTARY ITEM(S) (if any) which in the opinion of the Chair of this Committee are of an urgent nature and can be discussed at this meeting
13. Questions



**Luke Swinhoe**  
**Assistant Director Law and Governance**

**Tuesday, 20 September 2022**

**Town Hall**  
**Darlington.**

**Membership**

Councillors Baldwin, Crudass, Lee, McEwan, Paley and Mrs H Scott

If you need this information in a different language or format or you have any other queries on this agenda please contact Allison Hill, Democratic Officer, Operations Group, during normal office hours 8.30 a.m. to 4.45 p.m. Mondays to Thursdays and 8.30 a.m. to 4.15 p.m. Fridays E-Mail : [Allison.hill@darlington.gov.uk](mailto:Allison.hill@darlington.gov.uk) or telephone 01325 405997

**AUDIT COMMITTEE**  
Wednesday, 20 July 2022

**PRESENT** – Councillors Baldwin, Crudass, Lee and Mrs H Scott

**APOLOGIES** – Councillor McEwan,

**ABSENT** – Councillor Paley

**OFFICERS IN ATTENDANCE** – Peter Carrick (Finance Manager Central/Treasury Management), Luke Swinhoe (Assistant Director Law and Governance), Seth Pearson (Partnership Director), Lee Downey (Complaints and Information Governance Manager), Andrew Barber (Audit and Risk Manager, Stockton Borough Council), Allison Hill (Democratic Officer) and Brett Nielsen (Assistant Director Resources)

**A1 APPOINTMENT OF CHAIR FOR THE MUNICIPAL YEAR 2022/23**

**RESOLVED** – That Councillor Lee be appointed Chair of this Audit Committee for the Municipal Year 2022/23.

**A2 APPOINTMENT OF VICE CHAIR FOR THE MUNICIPAL YEAR 2022/23**

**RESOLVED** – That Councillor Crudass be appointed Vice-Chair of this Audit Committee for the Municipal Year 2022/23.

**A3 DECLARATIONS OF INTEREST**

There were no declarations of interest reported at the meeting.

**A4 TO CONSIDER THE TIMES OF MEETINGS OF THIS COMMITTEE FOR THE MUNICIPAL YEAR 2022/23 ON THE DATES AGREED IN THE CALENDAR BY CABINET AT MINUTE C100/FEB/22**

**RESOLVED** – That meetings of this Audit Committee be held at 10.00 a.m. on the dates, as agreed on the calendar of meetings by Cabinet at Minute C100/Feb/22.

**A5 TO APPROVE THE MINUTES OF THE MEETING OF THIS AUDIT COMMITTEE HELD ON 13 APRIL 2022**

Submitted – The Minutes (previously circulated) of the Audit Committee held on 13 April 2022.

**RESOLVED** – That the Minutes of the Audit Committee held on 13 April 2022 be approved as a correct record.

**A6 ANNUAL REVIEW OF SIGNIFICANT PARTNERSHIPS 2021-2022**

The Partnerships Director submitted a report (previously circulated) to present to Members the outcome of the annual review of significant partnerships to enable the Audit Committee

to consider the partnerships that the Council is involved with and to ensure that they have adequate governance arrangements in place.

It was reported that, through the principles of the partnership toolkit, the Council had an established approach to monitoring the significant partnerships it was involved with and, as a result, there were good governance arrangements in place for these partnerships and that they were delivering well against their objectives.

It was also reported that the toolkit had been effective in identifying high level concerns of the significant partnerships which included the 11-19 Partnerships; Creative Darlington; Public Sector Executives Group; Local Safeguarding Partnerships; Darlington Youth Offending Service; and Safe and Cohesive Community Group (was CDRP).

**RESOLVED** – That the review of significant partnerships be endorsed and the actions being taken to address outstanding issues be noted.

#### **A7 ANNUAL RISK MANAGEMENT REPORT 2021-22**

The Chief Executive submitted a report (previously circulated) to update Members on the approach to and outcomes from the Council's Risk Management processes.

It was noted that positive progress continued to be made within the Authority regarding the management of key strategic risks and with the work undertaken by Officers to manage operational risk.

Particularly discussion ensued on the risks identified as above the risk appetite line of which there had been seven strategic risks identified, were detailed in the submitted report and also linked to the relevant objective in the Council Plan.

It was also reported that in relation to Operational Risk Outcomes the Insurance Group continues to meet representatives of the Council's insurers to examine insurance claims who are able to provide the group with an update in relation to trends and operational risks to enable continuous improvement to the health and safety culture within the organisation.

**RESOLVED** – That the Annual Risk Management report for 2021/22 be noted.

#### **A8 AUDIT SERVICES AUDIT WORK 2021/22 ANNUAL REPORT**

The Audit and Risk Manager submitted a report (previously circulated) to present the Annual Report of the testing undertaken in the previous 12 months in accordance with Audit Services' role and terms of reference.

The submitted report outlined progress to date on audit assignment work, consultancy/contingency activity and performance indicators; and gave details of Audit Services' all agreed work that had been completed.

It was reported that the shared service was a new service beginning 1 April 2017 and brought together two teams from different organisations as well as a new approach to delivering the

audit opinion.

It was also reported that the Annual Report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council's internal control environment and the Internal Audit service provided.

**RESOLVED** – That the annual report of the results of testing during the previous 12 months and the overall opinion statement be noted.

#### **A9 AUDIT SERVICES - ACTIVITY REPORT**

The Audit and Risk Manager submitted a report (previously circulated) to provide Members with a progress report of activity and proposed activity for the next period.

The submitted report outlined progress to date on audit assignment work, consultancy/contingency activity and highlighted the change in approach from traditional audit assignments to individual control testing and reporting and the different approach in terms of reporting on activity to be developed further in the coming months; and the move away from annual audit planning to quarterly planning to enable the service to respond more effectively to the changing risk environment.

Also previously circulated was detailed feedback on the performance of the service and the position in relation to completion of audit work.

**RESOLVED** – That the activity and results be noted.

#### **A10 MANAGERS ASSURANCE STATEMENTS**

The Group Director of Operations submitted a report (previously circulated) advising Members of the outcome of the 2021/22 Managers' Assurance Statements (MAS).

It was reported that the MAS was a key element of the Council's corporate governance arrangements and, based on the 2021/22 returns, had identified an overall positive position.

It was also reported that although no common improvement themes had been highlighted in the 2021/22 returns a number of improvements to process /controls were identified and these matters will be progressed by Assistant Directors during 2022/23.

Members discussed how Scrutiny Committees could be advised of the high level risks and it was agreed that the Assistant Director of Resources will discuss this further with the Chair.

**RESOLVED** – That the report be noted.

#### **A11 TREASURY MANAGEMENT ANNUAL AND OUTTURN PRUDENTIAL INDICATORS 2021/22**

The Group Director of Operations submitted a report (previously circulated) to provide important information regarding the regulation and management of the Council's borrowing, investments and cash-flow, as a requirement of the Council's reporting procedures and by

regulations issued under the Local Government Act 2003 to produce an annual treasury management review and outlined treasury activity for 2021/22.

The report also sought Members approval of the Prudential Indicator results for 2021/22 in accordance with the Prudential Code.

It was reported that the financial year 2021/22 was another unprecedented year with regard to treasury management due to the ongoing Covid-19 pandemic. Cost of borrowing remained low throughout 2021/22 and due to the Covid-19 pandemic the cost of shorter term borrowing was anticipated to remain low in the future. However, as Members are aware due to the recent low returns for cash investments new ways to improve investment returns are continually being sought.

The submitted report summarised the capital expenditure and financing for 2021/22; the Council's underlying borrowing need; the Treasury position as at 31 March 2022; prudential indicators and compliance issues; the economic background for 2021/22; a summary of the Treasury Management Strategy agreed for 2021/22; and performance and risk benchmarking.

It was also reported that the Council's treasury management activity during 2021/22 had been carried out in accordance with the Council policy and within legal limits; financing costs had been reduced during the year and a saving of £0.366m had been achieved from the original Medium-Term Financial Plan.

**RESOLVED** – (a) That the outturn 2021/22 Prudential Indicators within the submitted report and those in Appendix 1 be noted.

(b) That the Treasury Management Annual Report for 2021/22 be noted.

(c) That the submitted report be forwarded to Cabinet and Council in order for the 2021/22 Prudential Indicators to be noted.

**AUDIT COMMITTEE  
28 SEPTEMBER 2022**

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**ANNUAL GRANTS CERTIFICATION REPORT 2020/21**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To present the Annual Grants Certification Report and the results of the external audit testing.

**Information and Analysis**

2. The Council engaged its external auditors Ernst & Young (EY) to act as reporting accountants (as per the regulations) in respect of the Housing Subsidy claim, Teachers Pensions and the Housing Pooling return.
3. The external audit work identified that the Housing Subsidy claim certified, did not require a qualification letter although there were minor errors in the sample that amounted to £24.64 (extrapolated to £149 in total) and amendment was made to the claim. The certified claim form was submitted to the DWP by the revised (due to Covid 19) statutory deadline.
4. With regard to the Housing Pooling return, EY identified 2 minor exceptions, both of which were discrepancies on the number of disposals and the stock balance as at the end of March 2021.
5. The Teachers Pension return was submitted on time and EY confirmed that 'No substantive issues were identified from the procedures completed'.
6. EY did not identify any significant issues that required being brought to the attention of Members from any of these claims.
7. The total charge for each of the grants is as follows:

	£
Housing Benefit subsidy	10,500
Teachers' Pension	5,500
Housing Pooling Return	5,500
Total	<u>21,500</u>

**Recommendation**

8. It is recommended that the Committee note the contents of the report.

**Reason**

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

**Elizabeth Davison**  
**Group Director of Operations**

**Background Papers**

Peter Carrick: Extension 5401

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	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	This 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.
Corporate Plan	There is no specific relevance to the strategy beyond the report comprising part of the Council’s governance arrangements.
Efficiency	There is no specific efficiency impact.
Impact on Looked After Children and Care Leavers	The report does not impact upon Looked After Children or Care Leavers.

**AUDIT COMMITTEE  
28 SEPTEMBER 2022**

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**ETHICAL GOVERNANCE AND MEMBER STANDARDS – UPDATE REPORT**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To update members on issues relevant to member standards and ethical governance.

**Summary**

2. The report gives members an update of information about issues relevant to member standards since matters were reported to the Committee in April 2022.
3. Also set out in the report are a number of datasets of ethical indicators to assist in monitoring the ethical health of the Council. By reviewing these indicators it is hoped to be able to identify any unusual or significant trends or changes in the volume of data recorded for the relevant period that might provide an alert to any deterioration in the ethical health of the authority.
4. Commentary is included for some data sets to give analysis and explanation for some of the more notable variations. There are no particular issues of concern that have been identified from reviewing the data.

**Recommendation**

5. Members are asked to note the information presented and to comment as appropriate.

**Reason**

6. By having information of this nature:
  - (a) Members will be assisted to perform their role.
  - (b) Members will be able to get a better picture of the ethical health of the authority.

**Luke Swinhoe  
Assistant Director, Law and Governance  
Monitoring officer**

**Background Papers**

None – save as mentioned in the text

Luke Swinhoe: Extension 5490

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder
Health and Well Being	There is no specific health and wellbeing impact
Carbon Impact and Climate Change	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	This report does not affect the budget or policy framework
Key Decision	This is not an executive report
Urgent Decision	This is not an executive report
Council Plan	There is no specific relevance to the strategy beyond a reflection on the Council's ethical governance arrangements
Efficiency	There is no specific efficiency impact
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

## MAIN REPORT

### Update on matters relevant to Ethical Governance and Member Standards

#### Independent Person

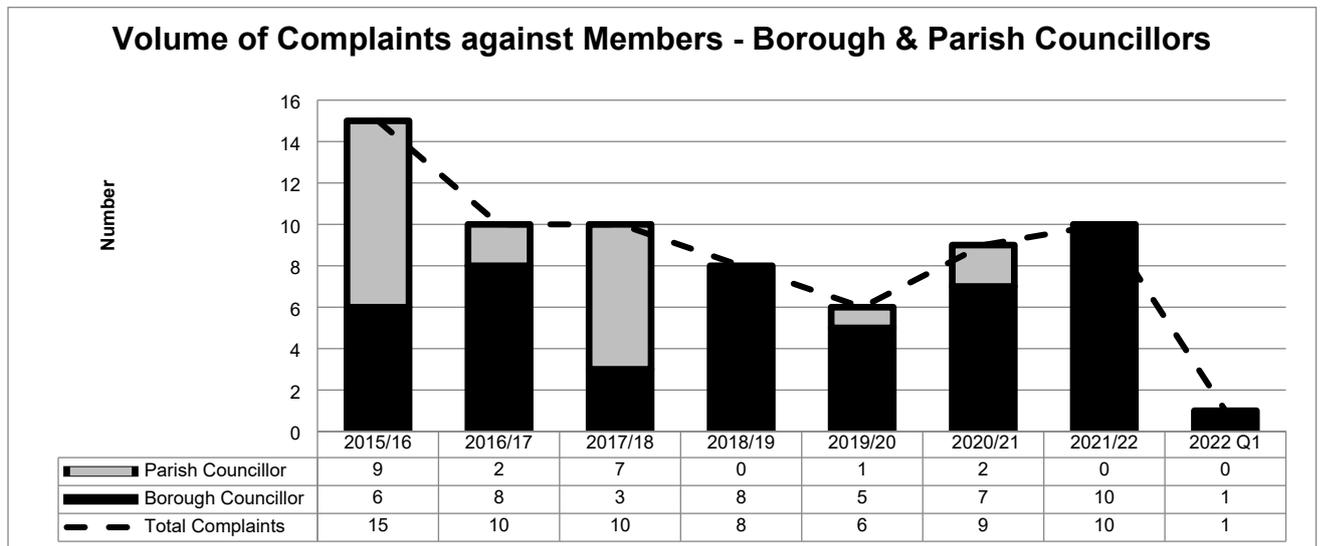
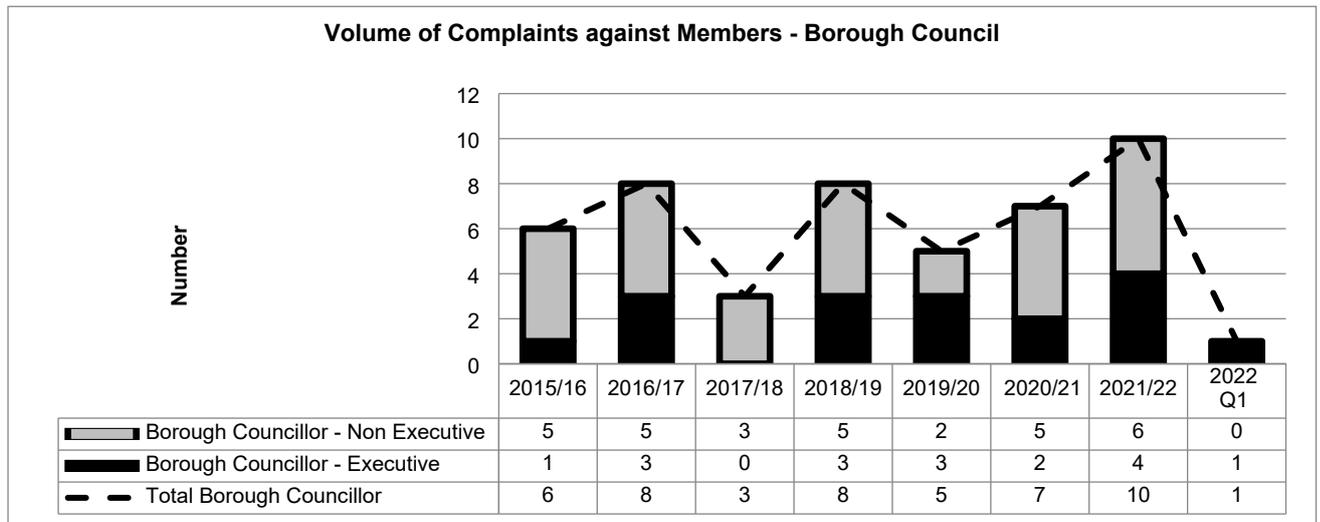
7. Since the last report to the Audit Committee, the Independent Person, Joanne Kidd was appointed by Her Majesty the Queen on advice from the Lord Chancellor to become a Circuit Judge. I am sure that the Committee will want to congratulate her and wish her well in her new role. Unfortunately this means that there is now a vacancy
8. The Independent Person role was established by the Localism Act 2011 to enable an outside independent advisor (neither a member nor an officer of the council) to give their views when the council receives complaints about the conduct of members. Councils must appoint at least one Independent Person
9. While the member complaints function is the primary role, an addition function was added by subsequent legislation, requiring that they should be consulted if there is a proposal to dismiss one of the council's statutory officers (ie Head of Paid Service, Chief Finance Officer or the Monitoring Officer). In this capacity the Independent Person would sit as a member of the Human Resources Advisory Panel.
10. In order provide cover in the event non availability or conflicts, to share the workload and to help and to provide greater resilience in the event of a vacancy, it was decided (should there be suitable candidates) to recruit 2 Independent Persons. The terms and conditions were also updated to reflect the slightly expanded functions, the annual allowance was slightly increased (from £802, which has not increased since 2012) to £900 and a 4 year term of office specified.

11. The position was advertised on Jobs North East from 21 July 2022 to the closing date of 22 August 2022. A Recruitment Panel was convened, made up of the Chair of Audit Committee, Group Leaders and the Monitoring Officer, to shortlist and then conduct interviews. Considering that it is an unusual role, there was a fair amount of interest and 6 candidates were shortlisted for interview. Interviews were held on the 9 September 2022.
12. The Recruitment Panel were in agreement about the candidates that they would like to be appointed and the Panel's recommendations to Council when it meets on 29 September 2022 will be that Beverley Boal and Julie Mathieson are offered the position of Independent Person.
13. Here is some information about the candidates:
  - Beverley Boal lives in Sunderland and is employed by the Care Quality Commission as an Inspection Manager. Beverley previously worked for Sunderland City Council from 1981 to 2015 in a number of roles including as the Complaints Manager.
  - Julie Mathieson lives in Darlington, is a solicitor and has been the Managing Director of DMA Law since 2011, a firm in which she has spent her whole professional life. Julie's responsibilities include complaints and compliance issues.
14. Induction and training to assist the newly appointed Independent Persons to discharge their roles will be undertaken by the Monitoring Officer.

#### **Ethical Indicators**

15. Set out in Appendix 1 are a range of data sets that it is hoped will to assist in monitoring the ethical health of the Council. By reviewing the indicators, it will be possible to identify any unusual or significant changes in the volume of data recorded for the relevant period that might provide an alert to any deterioration in the ethical health of the authority.
16. Member's observations about this information are invited.

**Member Complaints**

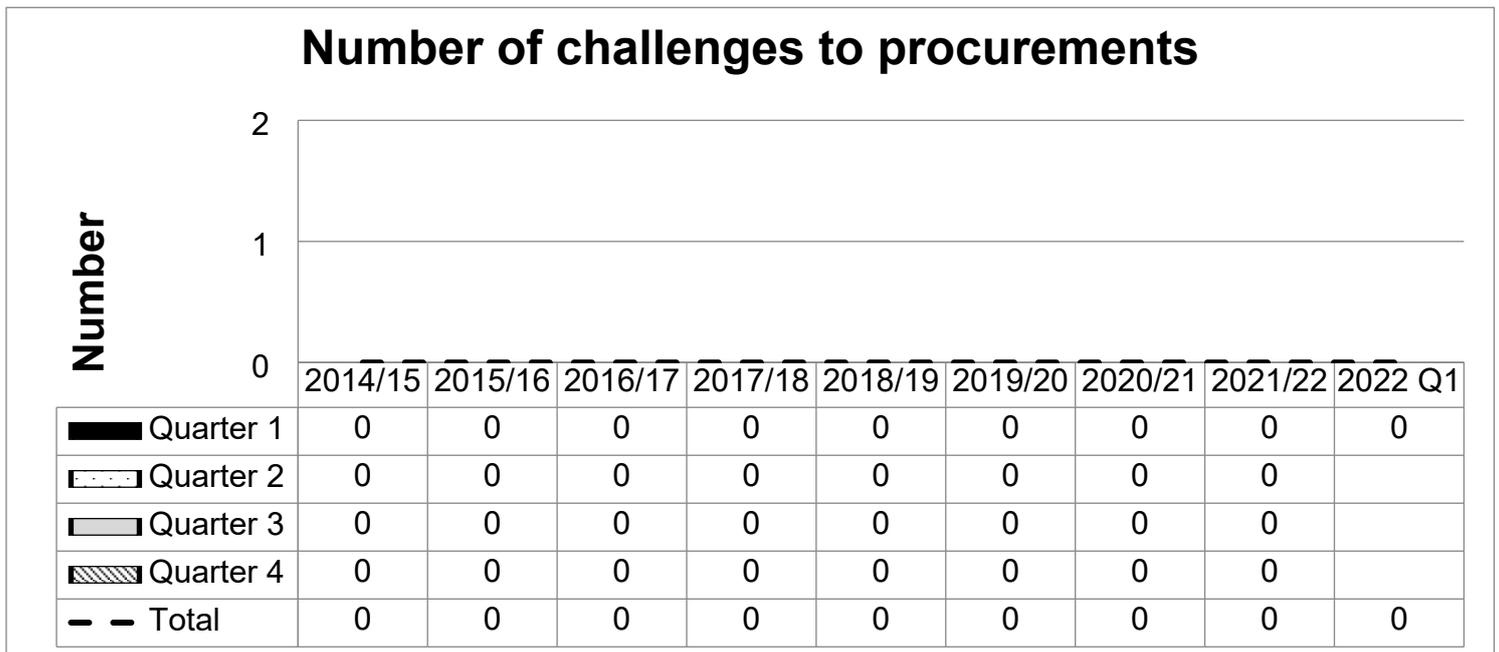
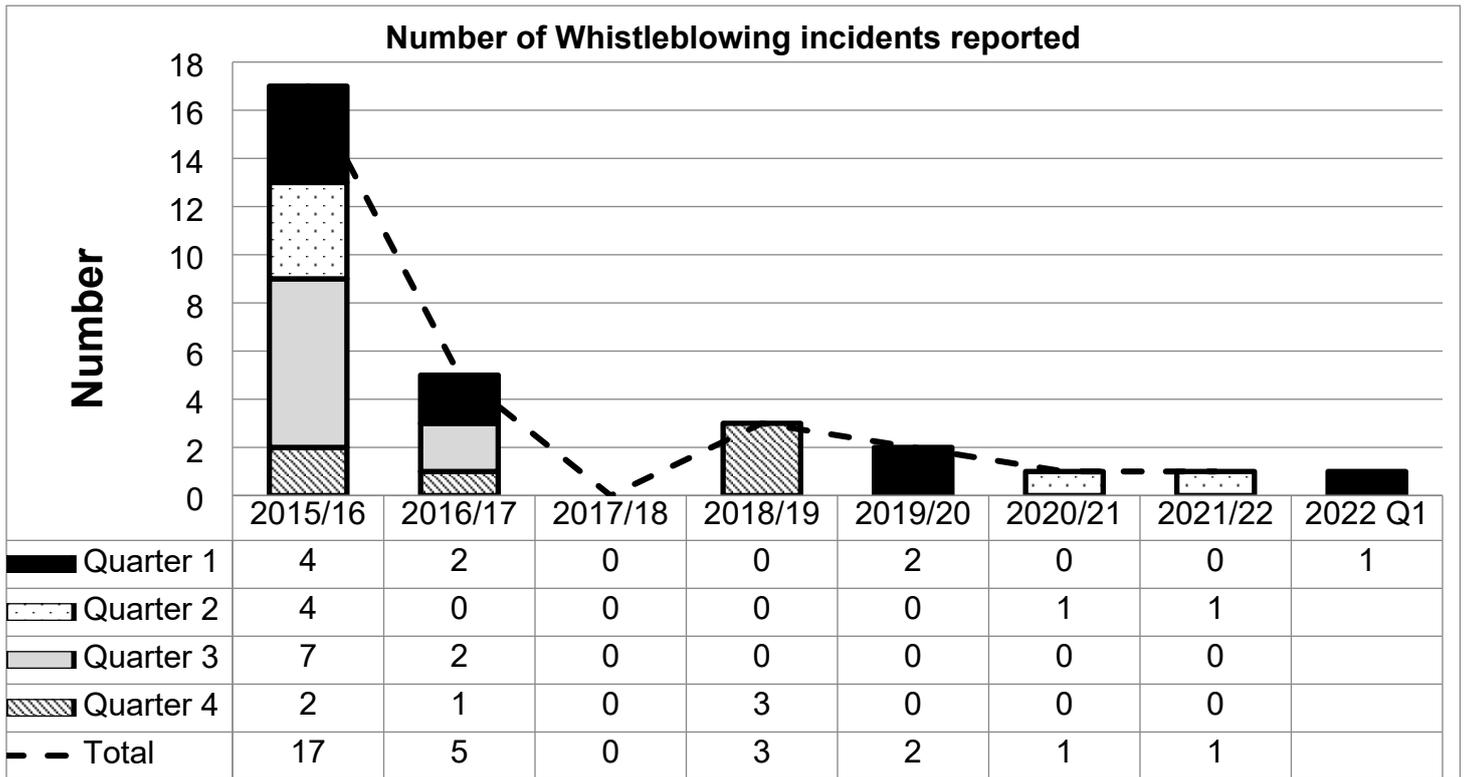


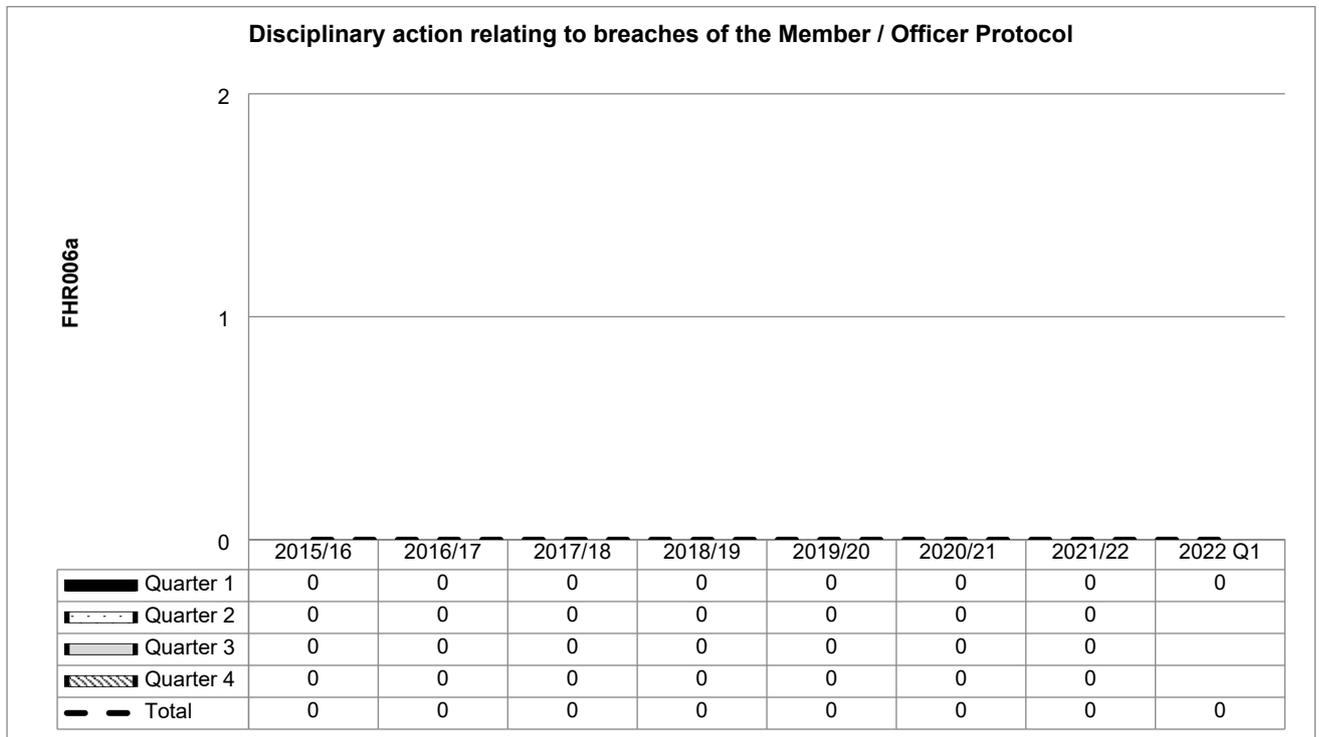
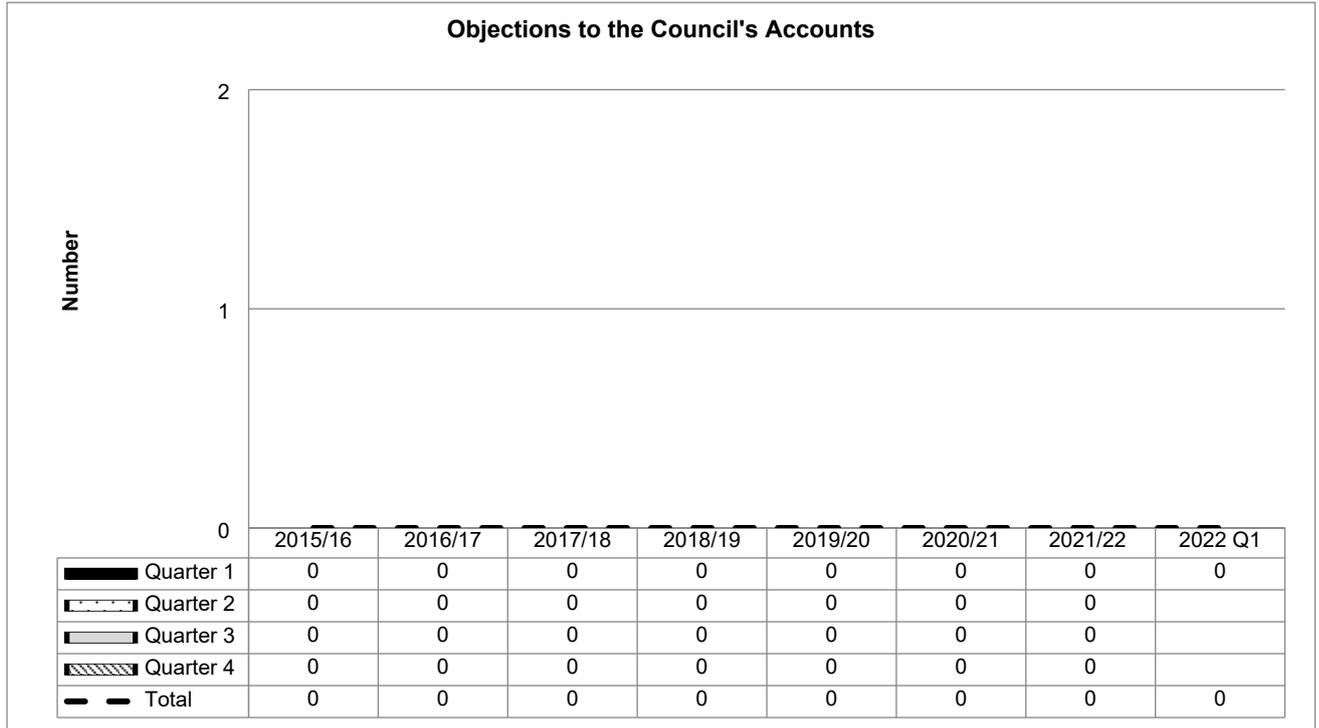
Comments

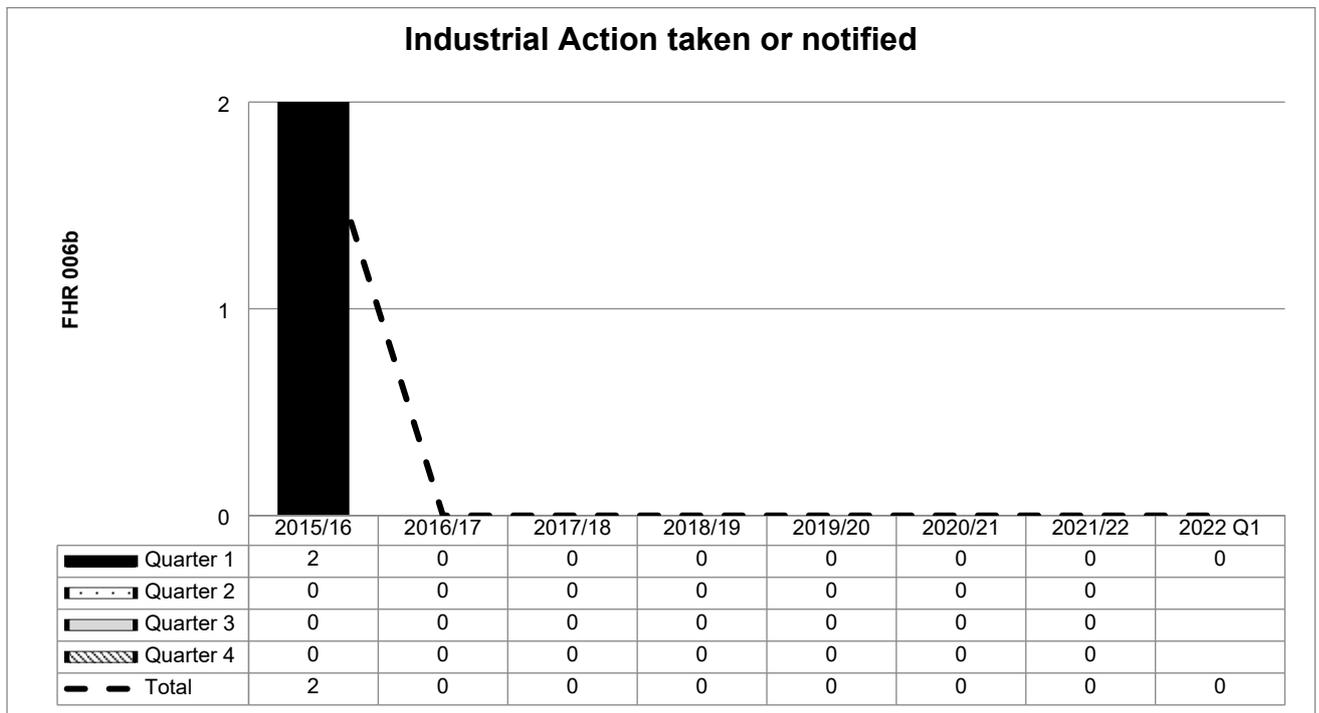
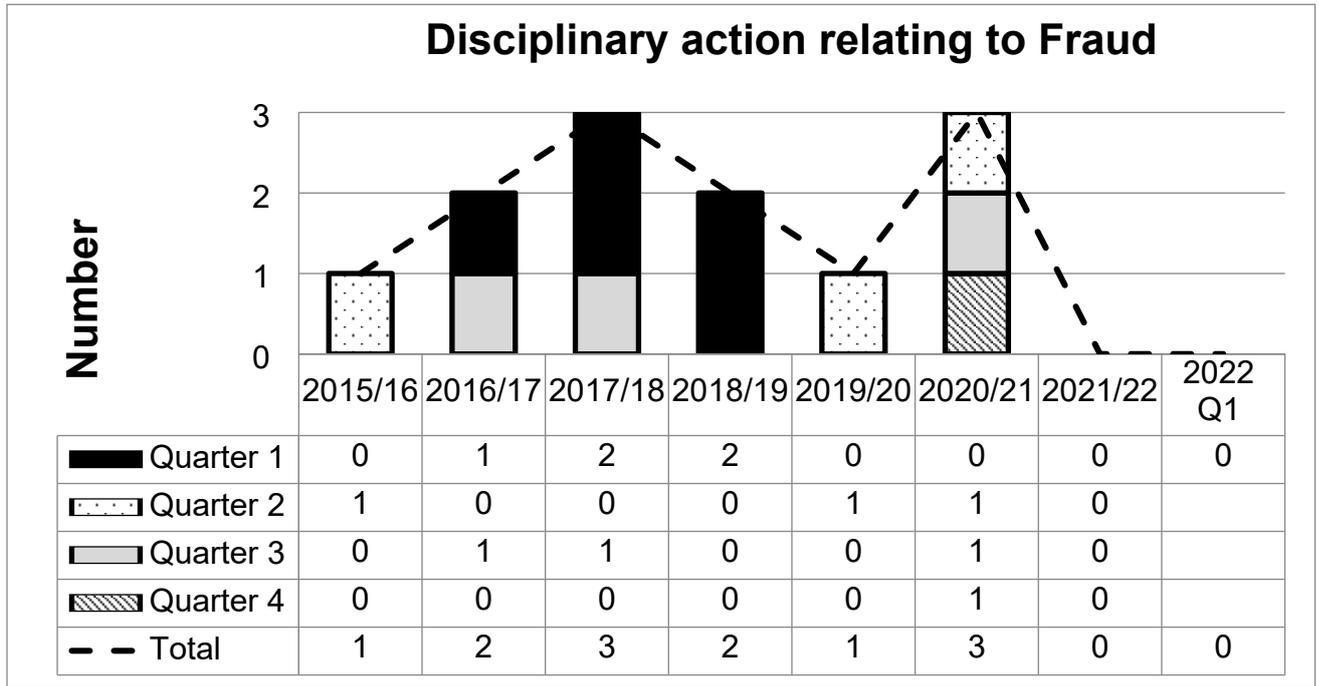
The average number of Member complaints per year from 2014/15 to 2021/22 was 9.5 per year.

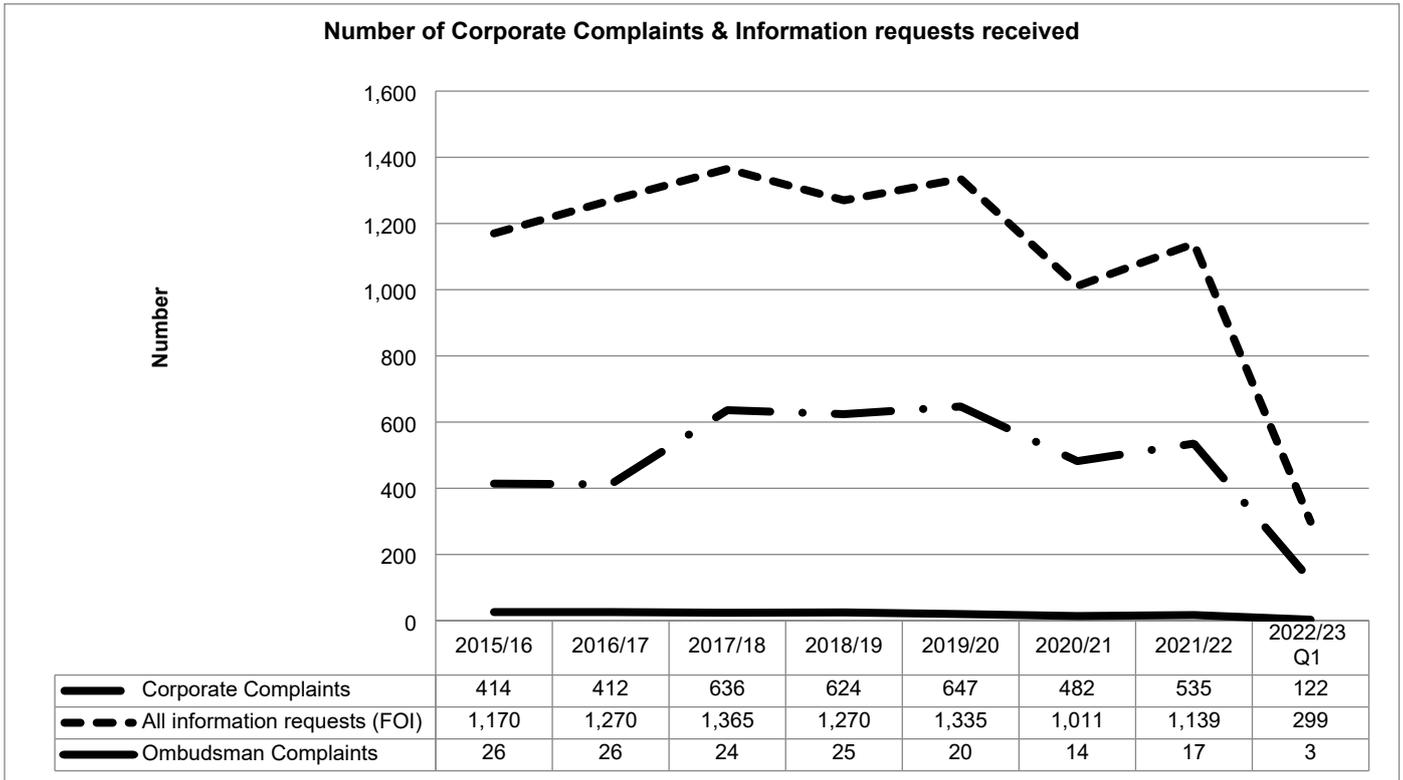
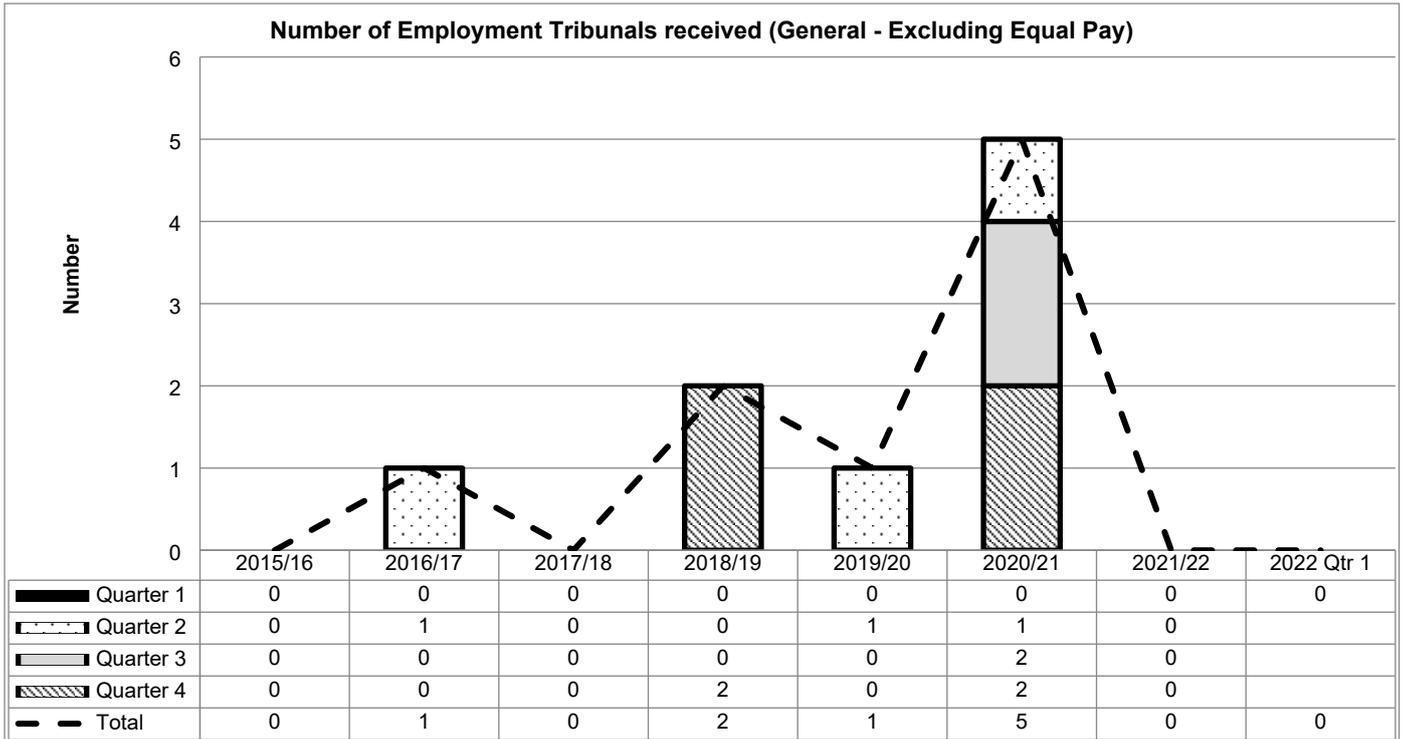
Due to low volumes, interpreting the information needs a degree of caution. It is also the case that there can be spikes in complaints caused by particular concerns (for instance a number of complaints about a particular problem, or a complainant making the same complaint against a number of Members) which can disproportionately affect the overall total.

Over the period 2014/15 to 2021/22 there have been 21 complaints made in respect of Parish Councillors and for the same period 55 complaints relating to Borough Councillors. The fact that there are more complaints in respect of Borough Council members is perhaps unsurprising given the types of decisions they are involved in making and the more prominent role that they play compared to Parish Councillors.









Comments

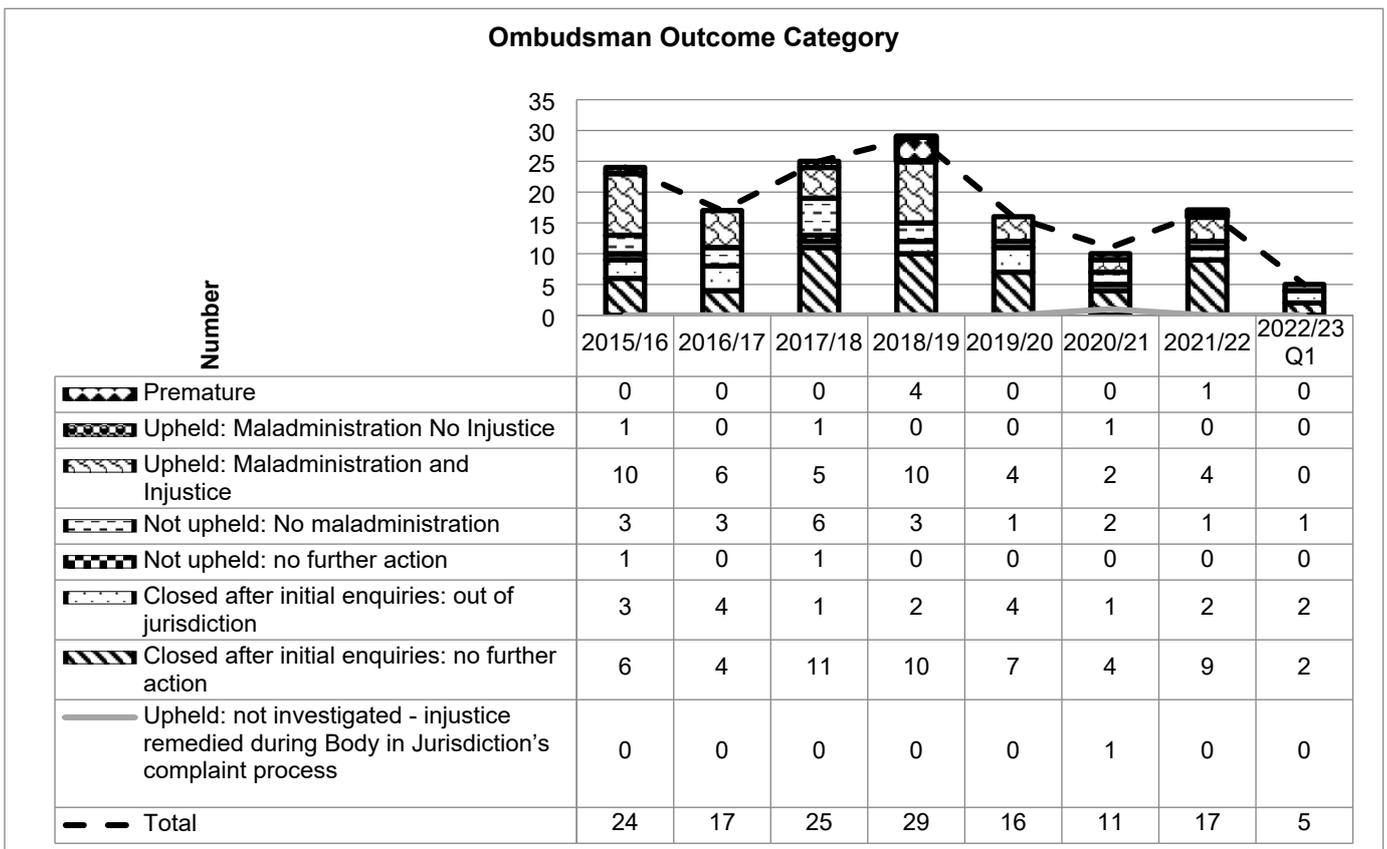
2018/19 – The Council received 624 corporate complaints, a slight decrease from 636 the previous year. While there were increases in some areas, those which saw a decrease in complaints included Housing Benefit and Council Tax Support, Customer Services, Development Management and Parking Appeals.

2019/20 – The Council received 647 corporate complaints, an increase from 624 in 2018/19. The new Garden Waste service received 70 complaints while there were increases in a number of areas including, Refuse and recycling, ASB and Civic Enforcement Ops and Grounds Maintenance. Housing and Building Services saw a significant decrease in complaints while there were also decreases in other areas including Planning, Development Management and Environmental Health.

2020/21 - The Council received 482 corporate complaints, a decrease from 647 in 2019/20. The Council also saw a decrease in complaints across its other complaints procedures during this period. This coupled with the Local Government and Social Care Ombudsman’s decision to cease its investigations during the early stages of the pandemic have likely been a contributing factor in the continued decrease in the number of Ombudsman complaints received.

2021/22 – The Council received 535 corporate complaints, an increase of 48 from the previous year. The Council also saw an increase in complaints across its other complaints procedures, following the reduction seen during the early stages of the pandemic.

2022 Q1 – The Council received 122 corporate complaints during Q1, an increase from 50 for the same period in 2021/22.



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**AUDIT COMMITTEE  
28 SEPTEMBER 2022**

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**EXTERNAL AUDIT PLAN 2021-22**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To present the External Audit Plan for 2021-22.

**Information and Analysis**

2. Attached at **Appendix 1** is a copy of the External Audit Planning Report for 2021-22 prepared by the Council's appointed external auditors, Ernst & Young (EY).
3. A representative from EY will attend the meeting to present the Plan.

**Recommendations**

4. It is recommended that the External Audit Plan for 2021-22 be noted.

**Reason**

5. The recommendation is supported to enable the Audit Committee to consider the content of the External Audit Plan 2021-22.

**Elizabeth Davison  
Group Director of Operations**

**Background Papers**

External Audit Plan 2021-22

Peter Carrick: Extension 5401

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	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	This 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.
Council Plan	There is no specific relevance to the Council Plan beyond the report comprising part of the Council's governance arrangements.
Efficiency	There is no specific efficiency impact.
Impact on Looked After Children and Care Leavers	The report does not impact upon Looked After Children or Care Leavers.



# Darlington Borough Council Audit planning report

Year ended 31 March 2022

September 2022

Private and Confidential

**Audit Committee**

Darlington Borough Council  
Town Hall  
Feethams  
Darlington  
DL1 5QT

September 2022

Dear Audit Committee Members

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2021/22 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for Darlington Borough Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Caroline Mulley

Partner

For and on behalf of Ernst & Young LLP

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<b>06</b> Audit team	<b>07</b> Audit timeline	<b>08</b> Independence	<b>09</b> Appendices	

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit Committee and management of Darlington Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Darlington Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Darlington Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Overview of our 2021/22 audit strategy



# Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

## Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Risk of fraud in revenue and expenditure recognition	Fraud risk/ Significant risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Valuation of investment Property	Inherent risk	No change in risk or focus	The fair value of Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.
Valuation of land and building held at depreciated replacement cost and existing use value	Inherent risk	Change in focus	<p>The value of land and buildings held at depreciated replacement cost represents a significant balance in the Council's financial statements and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgements in respect of key assumptions and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. We recognise that there are fewer assumptions used in the valuation of assets held at depreciated replacement cost, rather than open market value, and have revisited our risk assessment for these assets.</p> <p>We will also be focusing on assets which have had a change in use, e.g. from owner-occupied to letting.</p>
Valuation of infrastructure assets	TBC	TBC	<p>An issue has been raised via the NAO's office that local authorities are not writing out the gross cost and accumulated depreciation on infrastructure assets when a major part/component has been replaced or decommissioned which could result in a material misstatement in the financial statements.</p> <p>However, the risk is to be confirmed as it is dependent on CIPFA Code guidance.</p>

## Overview of our 2021/22 audit strategy

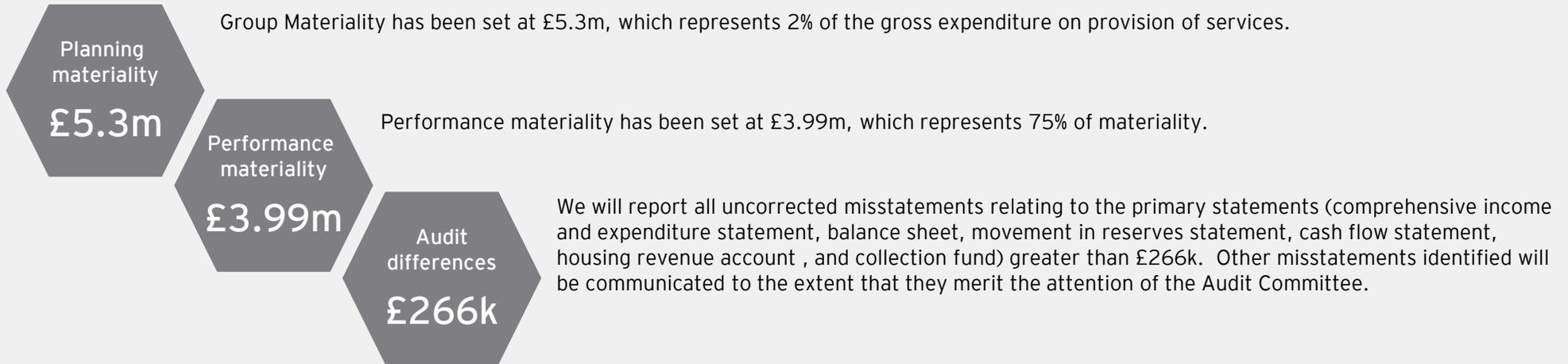
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

### Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Pension liability valuation	Inherent risk	No change in risk or focus	The pension liability is the most significant liability on the Council's balance sheet and is calculated through use of a number of actuarial assumptions. A small movement in these assumptions can have a material impact on the balance sheet.
Group accounts	Inherent risk	No change in risk or focus	The Council is working in conjunction with Esh Homes Limited to develop six (four in the prior year) housing projects in the borough. The Council owns a 50% share in these projects, which are at various stages of completion. It is expected that these projects will deliver in excess of £3.6 million of pre-tax profits by 2026/27. The CIPFA Code requires the Council to consider both qualitative and quantitative factors of its joint arrangements to assess if group accounting is required to reflect the Council's share of the joint ventures in the financial statements.

# Overview of our 2021/22 audit strategy

## Materiality



# Overview of our 2021/22 audit strategy

## Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Darlington Borough Council give a true and fair view of the financial position as at 31 March 2022 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the ISA 540 (revised) and the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Darlington Borough Council's audit, we will discuss these with management as to the impact on the scale fee.

### **Effects of climate-related matters on financial statements and Value for Money arrangements**

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements.

We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

# Overview of our 2021/22 audit strategy

## Value for money conclusion

We include details in Section 03 but in summary:

- We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- We will provide a commentary on the Council's arrangements against three reporting criteria:
  - Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
  - Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
  - Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.
- The commentary on VFM arrangements will be included in the Auditor's Annual Report.

## Audit team changes

Key changes to our team.



### Manager

Kelita Naidoo has joined the EY UK (Newcastle) office early 2022. She is a qualified chartered accountant with previous experience as a Government and Public Sector audit manager at EY South Africa. She has also completed her training at the Auditor-General of South Africa and is registered with the South African Institute of Chartered Accountants (SAICA).



# 02 Audit risks



# Audit risks

## Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Page 31

<p><b>Risk of fraud in revenue and expenditure recognition</b></p>	<p><b>What is the risk?</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p><b>What will we do?</b></p> <p>We plan to perform the following procedures to address the risk:</p> <ul style="list-style-type: none"> <li>▶ Test a sample of grants to confirm that they have been recognised in accordance with agreed terms and conditions;</li> <li>▶ Test a sample of capital additions to confirm they meet the criteria for capitalisation set out in accounting standards;</li> <li>▶ Review minutes of Council, Cabinet and other key meetings to identify any potential accruals or provisions which may have been omitted from the financial statements; and</li> <li>▶ Review a sample of transactions recorded in the general ledger and payments from the bank account post year end, to confirm that the associated income and expenditure has been recorded in the correct period.</li> <li>▶ Test the completeness of liabilities</li> <li>▶ Perform cut-off testing on expenditure</li> </ul>
<p><b>Financial statement impact</b></p> <p>Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure accounts. These accounts had the following balances in the 2021/22 financial statements:</p> <p>Income Account: £297m</p> <p>Expenditure Account: £266m</p>	<p>Our judgement is that the significant risk at the Council relates to the recognition of grants, the potential for improper capitalisation of revenue expenditure and the omission of expenditure in the financial statements. We will therefore target our audit work in these areas.</p>	



## Our response to significant risks (continued)

Misstatements due to fraud or error

### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

### What will we do?

We plan to perform the following procedures to address the risk:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud
- ▶ Determining an appropriate strategy to address those identified risks of fraud
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements

## Audit risks

### Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

#### What is the risk/area of focus?

##### Valuation of investment Property

The fair value of Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

##### Valuation of land and building held at depreciated replacement cost and existing use value

The value of land and buildings held at depreciated replacement cost represents a significant balance in the Council's financial statements and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgements in respect of key assumptions and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

##### Valuation of infrastructure assets

An issue has been raised via the NAO's office that local authorities are not writing out the gross cost and accumulated depreciation on infrastructure assets when a major part/component has been replaced or decommissioned which could result in a material misstatement in the financial statements.

#### What will we do?

##### We will:

- ▶ Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
  - ▶ Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
  - ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We will if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
  - ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
  - ▶ Test accounting entries have been correctly processed in the financial statements.
- 
- ▶ We are awaiting CIPFA Code guidance.

## Audit risks

### Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

#### What is the risk/area of focus?

##### **Pension Liability Valuation**

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Durham County Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2022 this totalled £186.59 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

##### **Group Accounts**

In 2018/19, the Council produced Group accounts, in order to include the joint venture arrangements with Esh Homes Limited. The Council owns 50% of the share capital of the six joint ventures in place (four in the prior year).

To assess if group accounting is required, the CIPFA Code requires an assessment of arrangements on a qualitative basis first, and then on a quantitative basis. Management should revisit the Group assessment annually, based on the most up-to-date information, to determine if the Group financial statements require additional entities to be incorporated within the consolidation.

#### What will we do?

We will:

- ▶ Liaise with the auditors of Durham County Council Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Darlington Borough Council;
- ▶ Assess the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

We will:

- ▶ Review the Council's Group boundary assessment to ensure that it is complete and all Group entities have been identified;
- ▶ Review the Council's assessment of qualitative factors such as whether the Council is exposed to any commercial risk through its involvement with the potential Group entities, in order to ensure the assessment is appropriate; and
- ▶ Test the Council's quantitative assessment by agreeing all values included in the assessment to audited financial statements for each of the potential Group entities.



03

# Value for Money Risks





# Value for Money

## Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

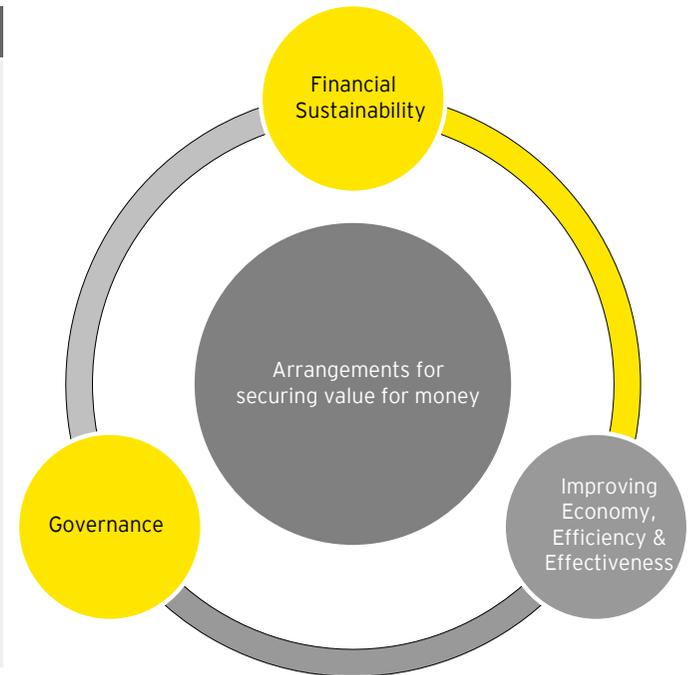
## Auditor responsibilities

Page 36

Under the NAO Code of Audit Practice we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





## Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement;
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies; and
- Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.



# Value for Money

## Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the audit committee.

## Reporting on VFM

Where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the commentary on arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

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## Status of our 2021/22 VFM planning

We have yet to complete our detailed VFM planning. However, one area of focus will be on the arrangements that the Council has in place in relation to financial sustainability - including the impact of Covid-19 on the medium term financial planning.

We will update the next Audit Committee meeting on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements.



04

Audit materiality



## Materiality

### Group Materiality

For planning purposes, group materiality for 2021/22 has been set at £5.3m. This represents 2% of the Group's gross expenditure on provision of services. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.

Gross expenditure  
on provision of services

£266m

Planning  
materiality

£5.3m

Performance  
materiality

£3.99m

Audit  
differences

£266k

We request that the Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

### Key definitions

**Planning materiality** - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £3.99m which represents 75% of planning materiality. We have used a threshold of 75% as our experience from prior year audits means that we do not anticipate identifying a significant number of audit adjustments.

**Audit difference threshold** - we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account, and collection fund financial statements that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.

# Materiality

## Council Materiality

For planning purposes, Council materiality for 2021/22 has been set at £5.0m. This represents 1.88% of the Council's gross expenditure on provision of services. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.

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We request that the Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

## Key definitions

**Planning materiality** - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £3.75m which represents 75% of planning materiality. We have used a threshold of 75% as our experience from prior year audits means that we do not anticipate identifying a significant number of audit adjustments.

**Audit difference threshold** - we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account, and collection fund financial statements that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.

# Materiality

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- ▶ Remuneration disclosures including councillor allowances: we will agree all disclosures back to source data, and councillor allowances to the agreed and approved amounts.
- ▶ Related party transactions we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.



**05**

## Scope of our audit



# Our Audit Process and Strategy

## Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

### 1. Financial statement audit

#### Our opinion on the financial statements:

- whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and
- whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

#### Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements; and
- where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

#### Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO

### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

## Our Audit Process and Strategy (continued)

### Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2021/22 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

Internal audit:

We will regularly meet with the Audit and Risk Manager, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

# Scope of our audit

## Scoping the group audit

### Group audit team involvement in component audits

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

- 1. Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
- 2. Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below.

### Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below.

Darlington Borough Council	Full scope audit
Eastbourne Joint Venture	Review scope
Heighington Joint Venture	Review scope
Middleton St George JV Limited	Review scope
West Park Limited	Review scope
Esh DBC Joint Venture	Review scope
Neasham Road Joint Venture Limited	Review scope

### Scope definitions

**Full scope:** locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations.

**Review scope:** locations where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

### Group audit team involvement in component audits

Auditing standards require us to be involved in the work of our component teams.

We will issue instructions to PwC, setting out the information that we require from them to support our work on the Group audit opinion.



06

Audit team



## Audit team

# Audit team

### Audit team (including changes)

Caroline Mulley is the partner responsible for the overall quality and delivery of the audit service. She will be supported by Kelita Naidoo as Manager and Kieran Lobb the audit senior, who will be the main points of contact for the finance team.

## Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	To be assessed during the audit
Pensions disclosure	EY Actuaries

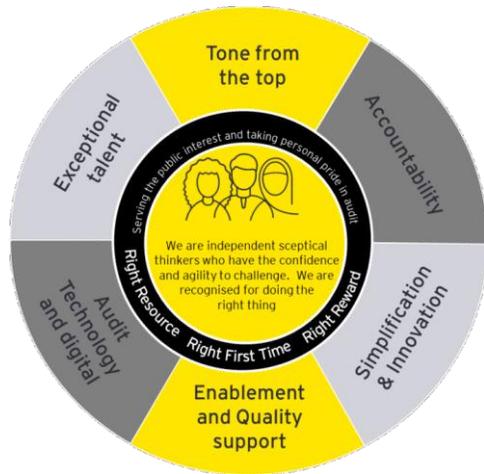
In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

# Developing the right Audit Culture

In July 2021, EY established a UK Audit Board (UKAB) with a majority of independent Audit Non-Executives (ANEs). The UKAB will support our focus on delivering high-quality audits by strengthening governance and oversight over the culture of the audit business. This focus is critical given that audit quality starts with having the right culture embedded in the business.



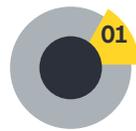
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Our audit culture is the cement that binds together the building blocks and foundation of our audit strategy. We have been thoughtful in articulating a culture that is right for us: one that recognises we are part of a wider, global firm and is clear about whose interests our audits serve.

There are three elements underpinning our culture:

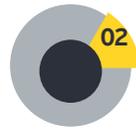
1. Our people are focused on a **common purpose**. It is vital we foster and nurture the values, attitudes and behaviours that lead our people to do the right thing.
2. The essential attributes of our audit business are:
  - ▶ **Right resources** – We team with competent people, investing in audit technology, methodology and support
  - ▶ **Right first time** – Our teams execute and review their work, consulting where required to meet the required standard
  - ▶ **Right reward** – We align our reward and recognition to reinforce the right behaviours

3. The six pillars of **Sustainable Audit Quality** are implemented.



## Tone at the top

The internal and external messages sent by EY leadership, including audit partners, set a clear tone at the top - they establish and encourage a commitment to audit quality



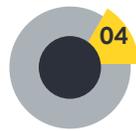
## Exceptional talent

Specific initiatives support EY auditors in devoting time to perform quality work, including recruitment, retention, development and workload management



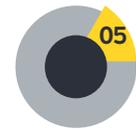
## Accountability

The systems and processes in place help EY people take responsibility for carrying out high-quality work at all times, including their reward and recognition



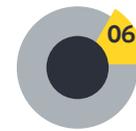
## Audit technology and digital

The EY Digital Audit is evolving to set the standard for the digital-first way of approaching audit, combining leading-edge digital tools, stakeholder focus and a commitment to quality



## Simplification and innovation

We are simplifying and standardising the approach used by EY auditors and embracing emerging technologies to improve the quality, consistency and efficiency of the audit



## Enablement and quality support

How EY teams are internally supported to manage their responsibility to provide high audit quality

A critical part of this culture is that our people are **encouraged and empowered to challenge and exercise professional scepticism** across all our audits. However, we recognise that creating a culture requires more than just words from leaders. It has to be reflected in the lived experience of all our people each and every day enabling them to challenge themselves and the companies we audit.

Each year we complete an audit quality culture assessment to obtain feedback from our people on the values and behaviours they experience, and those they consider to be fundamental to our audit quality culture of the future. We action points that arise to ensure our culture continues to evolve appropriately.

### 2021 Audit Culture Survey result

A cultural health score of 78% (73%) was achieved for our UK Audit Business

### We bring our culture alive by investing in three priority workstreams:

- Audit Culture with a focus on professional scepticism
- Adopting the digital audit
- Standardisation

This investment has led to a number of successful outputs covering training, tools, techniques and additional sources. Specific highlights include:

- Audit Purpose Barometer
- Active Scepticism Framework
- Increased access to external sector forecasts
- Forensic risk assessment pilots
- Refreshed PLOT training and support materials, including embedding in new hire and trainee courses
- Digital audit training for all ranks
- Increased hot file reviews and improved escalation processes
- New work programmes issued on auditing going concern, climate, impairment, expected credit losses, cashflow statements and conducting effective group oversight
- Development of bite size, available on demand, task specific tutorial videos

*“A series of company collapses linked to unhealthy cultures....have demonstrated why cultivating a healthy culture, underpinned by the right tone from the top, is fundamental to business success.”*

Sir John Thompson  
Chief Executive of the FRC



07

# Audit timeline





# Audit timeline

## Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2021/22.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	August		
Walkthrough of key systems and processes	September	Audit Committee	Audit Planning Report
	October		
Walkthrough of key systems and processes continued Interim audit testing	November		
Interim audit testing	December		
Year end audit Quality Report/Account testing	January	Audit Committee	Interim audit update
Year end audit Audit Completion procedures	February		
Audit Completion procedures	March		Audit Results Report Audit opinions and completion certificates Auditor's Annual Report





08

Independence





# Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

## Required communications

### Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.

### Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

# Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

## Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Caroline Mulley, your audit engagement partner and the audit engagement team have not been compromised.

## Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we have an investment in the Council; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

## Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

## Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

## Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.



## Other communications

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### EY Transparency Report 2021

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2021: [https://www.ey.com/en\\_uk/about-us/transparency-report-2021](https://www.ey.com/en_uk/about-us/transparency-report-2021)



09

Appendices



## Appendix A

### Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Fee 2021/22	Fee 2020/21
	£	£
Total Fee - Code work	71,813	71,813
Rebasing of the scale fee to deliver an audit to meet regulatory requirements (Note 1)	25,087	25,087
Covid-19 Impact (Note 2)	-	TBC
Revisions (Revised auditing standards ISA 540 and ISA 570)	TBC	TBC
Revision (New Code of Audit Practice/VFM requirements)	TBC	TBC
<b>Total audit</b>	<b>TBC</b>	<b>TBC</b>
Non-audit work - Housing benefits certification work	TBC	10,500
Non-audit work - Teachers' pension certification work	TBC	5,500
Non-audit work - Pooling of capital receipts	TBC	5,500
<b>Total other non-audit services (Note 3)</b>	<b>TBC</b>	<b>21,500</b>
<b>Total fees</b>	<b>TBC</b>	<b>TBC</b>

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the base fee.

(1) We wrote to management and the Audit Committee Chair on 10 February 2020 setting out our considerations on the sustainability of UK local public audit. Our Audit Planning Report in 2019/20 highlighted that we would be having further discussions with management to agree a scale fee variation for 2019/20 onwards and set out some of the factors informing this discussion. We were unable to agree a scale fee variation with management and submitted our proposal to PSAA to make a determination. PSAA have made a determination of £25,087 for 2020/21 and we expect similar variations for 2021/22 and 2022/23. The base fee set by PSAA for our 2021/22 audit is £71,813.

(2) In 2020/21 scale fee variation related to the impact of the Covid-19 pandemic and the additional audit procedures that we were required to undertake to issue our audit opinion. These included general inefficiencies arising from the remote audit process and the additional work and consultation undertaken to address the impact of Covid-19 on the going concern status of the Council. The fee and related significant risks were discussed in the 2020/21 audit planning report.

(3) We will agree fees with you for 2021/22 certification work prior to commencing the work.

All fees exclude VAT

## Appendix B

# Required communications with the Audit Committee

We have detailed the communications that we must provide to the Audit Committee.

### Our Reporting to you

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report, September 2022
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report, March 2023 Auditor's Annual Report, March 2023

## Appendix B

# Required communications with the Audit Committee (continued)

		 Our Reporting to you
<b>Required communications</b>	 <b>What is reported?</b>	  <b>When and where</b>
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report, March 2023
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit results report, March 2023
Subsequent events	<ul style="list-style-type: none"> <li>▶ Enquiries of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements</li> </ul>	Audit results report, March 2023
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Any other matters related to fraud, relevant to Audit Committee responsibility</li> </ul>	Audit results report, March 2023

## Appendix B

# Required communications with the Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<ul style="list-style-type: none"> <li>▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report, March 2023
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Planning Report, September 2022</p> <p>Audit Results Report, March 2023</p>

## Appendix B

# Required communications with the Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report, March 2023
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	Audit results report, March 2023
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit results report, March 2023

## Appendix B

# Required communications with the Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Group audits	<ul style="list-style-type: none"> <li>▶ An overview of the type of work to be performed on the financial information of the components</li> <li>▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work</li> <li>▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted</li> <li>▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements</li> </ul>	Audit planning report, September 2022 Audit results report, March 2023	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report, March 2023	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report, March 2023	
Auditors report	<ul style="list-style-type: none"> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report March 2023 Auditor's Annual Report, March 2023	
Fee Reporting	<ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the audit plan is agreed</li> <li>▶ Breakdown of fee information at the completion of the audit</li> <li>▶ Any non-audit work</li> </ul>	Audit planning report, September 2022 Audit results report, March 2023	
Value for Money	<ul style="list-style-type: none"> <li>▶ Risks of significant weakness identified in planning work</li> <li>▶ Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses.</li> </ul>	Audit planning report, September 2022 Audit results report, March 2023 Auditor's Annual Report, March 2023	

## Additional audit information

### Objective of our audit

Our objective is to form an opinion on the Council's and Group's consolidated financial statements under International Standards on Auditing (UK) as prepared by you in accordance with with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit Committee. The audit does not relieve management or the Audit Committee of their responsibilities.

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

#### Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit Committee reporting appropriately addresses matters communicated by us to the Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

## Additional audit information (continued)

### Other required procedures during the course of the audit (continued)

<b>Procedures required by the Audit Code</b>	<ul style="list-style-type: none"> <li>▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.</li> <li>▶ Examining and reporting on the consistency of consolidation schedules or returns with the Group and Council's audited financial statements for the relevant reporting period</li> </ul>
<b>Other procedures</b>	<ul style="list-style-type: none"> <li>▶ We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice</li> </ul>

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

### Purpose and evaluation of materiality

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For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

## EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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**AUDIT COMMITTEE  
28 SEPTEMBER 2022**

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**ICT STRATEGY – IMPLEMENTATION PROGRESS REPORT**

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**SUMMARY REPORT**

**Purpose of the Report**

1. The Chief Officer's Board (COB) is required to report six-monthly to the Audit Committee on progress in relation to the implementation of the ICT Strategy.

**Summary**

2. The revised ICT Strategy focusses on three strategic priorities:
  - (a) ICT Governance and Service Development
  - (b) ICT Strategic Architecture
  - (c) Council Service Development and Transformation
3. This report summarises progress on the main activities within each of these priorities.

**Recommendation**

4. It is recommended that progress on the implementation of the ICT Strategy be noted.

**Reasons**

5. The recommendation is supported to provide the Audit Committee with evidence to reflect on progress in delivery of the Council's ICT Strategy.

**Ian Miles  
Assistant Director – Xentrall Shared Services**

**Background Papers**

Darlington ICT Strategy 2022

Ian Miles – Extension 157012

S17 Crime and Disorder	There is no specific crime and disorder impact.
Health and Well Being	There is no specific health and well-being impact.
Carbon Impact and Climate Change	Some of the initiatives contained within ICT Strategy will help contribute towards the carbon reduction commitments.
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	Financial implications will be considered in the Medium-Term Financial Plan. This report does not affect the policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
Council Plan	The ICT strategy supports the business of the Council in delivering the Council Plan
Efficiency	There will be efficiency savings generated as a result of implementing the ICT Strategy. The introduction of new technology is key to providing efficiency savings within Council services.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

## MAIN REPORT

6. Progress on the three strategic themes of the ICT Strategy is described below.

### ICT Governance and ICT Service Development

7. The Systems and Information Governance Group (which is the Chief Officers Board of Assistant Directors but chaired by the Group Director of Operations) undertakes an ICT Strategy monitoring role as well as overseeing and approving the ICT Work Plan, which covers all service based and corporate ICT projects. As well as this forum, updates on major ICT projects are also given to the Group Director of Operations and to the meetings of the Xentrall Executive Board on which she sits.
8. The ICT service was successfully audited by the British Standards Institute (BSI) in June and retained both Information Security Management and Quality Management System certifications for another year. In addition, all the inspections undertaken by the Council's Internal Audit team have been classified as "green" on a red/amber/green rating.
9. In terms of ICT service development and related to the two ISO certifications and internal audits, all ICT service improvement activities are identified in the ICT Service Improvement Programme, and this continues to be managed and monitored by the ICT Management Team, supported by the ICT Security & Process Excellence Officer. This group reviews the progress and priorities of this extensive and continual programme which is resourced through a combination of business-as-usual activities and planned projects within ICT. The majority of these activities relate to internal ICT procedures and standards which ultimately deliver improvements to the services ICT users receive.

### ICT Strategic Architecture

10. Progress has been made on a number of significant architecture projects during the last six months, many of which take place behind the scenes. Notable projects have included:
  - (a) Procurement and implementation of an improved telephony reporting system, independent of the telephony infrastructure used.
  - (b) Further procurements and implementation of server and infrastructure management tools and systems to maintain and improve security, performance, availability and management of systems.
  - (c) Procurement and installation of a new backup device for the main Darlington data centre.
  - (d) Implementation of the replacement UPS (uninterruptable power supply) for the main Darlington data centre.
  - (e) Applied a new DDOS (Distributed Denial of Service) protection system on the Darlington Internet Link (replicating the Stockton backup link).
  - (f) Procured an extension to the existing Cisco telephony contract and researched a replacement Teams telephony system.

- (g) On-going retirement and removal of telephone handsets from offices.
- (h) Installation of Wi-Fi into Harewood House.
- (i) Replacement of PCs in the Vane House Resource Centre which are used by partially sighted members of the public. This included the installation of a braille printer.

### **Council Service Development and Transformation**

11. The service-based Information & Systems Strategies inform the ICT Work Plan, and this drives customer projects within the ICT service. As well as the management and monitoring of individual projects, the overall ICT Work Plan is monitored on a monthly cycle at the Systems and Information Governance Group (SIGG is described in paragraph 7 above). These ICT projects underpin many of the Council's business change activities. SIGG also reviews the Web Team Workplan and the Systems and Process Team Workplan and thereby has a whole view of ICT-related activities across the Council.
12. As well as some of the central ICT architecture projects listed above, a further nine service specific projects have been completed since the last progress report to this committee. These have included various system upgrades, plus:
  - a) Town Centre Wi-Fi - Supporting the specification and selection of a supplier to implement Wi-Fi throughout the town centre.
  - b) IDOX Oracle 19c Upgrade & Server Migration (Planning & Customer Service) - This involved major upgrades to all the technical layers which support this system and the migration of the database from a previous version.
  - c) DocuSign eSignature Solution for Tenancy Agreements – This replaced paper based tenancy agreements and face to face contacts with electronic documents which has reduced cost and the environmental impact of printing the tenancy packs.
13. As part of the Microsoft Office 365 roll-out and the features this brings, ICT have continued to work with a task group and different services across the Council to migrate their shared data to Teams. Services already migrated are able to work more collaboratively when developing and sharing documents.
14. Xentrall ICT have continued to support the Council in piloting and implementing the Blended Working programme, which has involved providing additional ICT equipment in the Town Hall as well as continuing to support the ICT equipment remote in officer's homes.

### **Outcome of Consultation**

15. There has been no formal consultation in the preparation of this report.

**AUDIT COMMITTEE**  
**28 September 2022**

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**INFORMATION GOVERNANCE PROGRAMME PROGRESS REPORT**

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**SUMMARY REPORT**

**Purpose of the Report**

1. The Systems and Information Governance Group (SIGG) is required to report six monthly to the Audit Committee on progress and planned developments of the information governance programme.

**Summary**

2. The ongoing delivery of our information governance programme continues to provide the assurance required to reduce our information risks to an acceptable level.
3. Ongoing work includes:
  - (a) The Microsoft Office 365 Programme.
  - (b) Data Security and Protection (DSP) Toolkit
  - (c) ICT work plan.
  - (d) Web Team work plan.
  - (e) Systems and Process Team work plan.
  - (f) Work to achieve our target for the completion of on-line mandatory information governance training courses.
4. The area of highest priority in the information governance programme is:
  - (a) The Microsoft Office 365 Programme.

**Recommendation**

5. It is recommended that progress on the implementation of the Information Governance Programme be noted.

**Reasons**

6. To provide the Audit Committee with a status report on the delivery of the Council's Information Governance Programme.

**Elizabeth Davison**  
**Group Director of Operations**

Lee Downey, Complaints & Information Governance Manager: Extension 5451

**Background Papers**

S17 Crime and Disorder	This report is for information to members and requires no decision. Therefore there are no issues in relation to Crime and Disorder.
Health and Well Being	This report is for information to members and requires no decision. Therefore there are no issues in relation to Health and Well Being.
Carbon Impact and Climate Change	This report is for information to members and requires no decision. Therefore there are no issues in relation to Carbon Impact and Climate Change.
Diversity	This report is for information to members and requires no decision. Therefore there are no issues in relation to Diversity.
Wards Affected	This report affects all wards equally.
Groups Affected	This report is for information to members and requires no decision. Therefore there is no impact on any particular group.
Budget and Policy Framework	This report does not recommend any changes to the Budget or Policy Framework
Key Decision	This is not a key decision.
Urgent Decision	This is not an Urgent Decision.
Council Plan	There is no specific relevance to the strategy beyond a reflection on the Council's governance arrangements.
Efficiency	Implementation of effective information governance systems and procedures has a positive impact on efficiency.
Impact on Looked After Children and Care Leavers	There is no specific impact on Looked After Children and Care Leavers.

## MAIN REPORT

### Background

7. Delivery of our information governance programme has provided the assurance required to reduce our information risks to an acceptable level. While that is the case it must be recognised that the data processing activities of the Council continually evolve and must be kept under review. The processes implemented by the Council include review mechanisms to ensure this takes place.

### The Microsoft Office 365 Programme

8. The Microsoft Office 365 Programme Team is comprised of the Systems Strategy and Development Manager, the Complaints and Information Governance Manager, the ICT Solutions Architects and the ICT Security and Assurance Team Leader and the End User Engagement Team and reports to SIGG. The Council has appointed a number of 365 Champions that will help and support staff through this transition to Microsoft 365.
9. Following the Council embracing the use of Microsoft (MS) Teams to enable employees to work effectively from home during the early stages of the pandemic, the Programme is now seeing more services within the Council being migrated to a MS Teams structure. This will build on the success of the work to date and enable officers to access all of the functionality available within MS Teams. Again this will make it easier for officers to share and collaborate on documents and improve productivity. A number of services are now fully operational through a MS Teams interface having had all files migrated into a MS Teams structure.
10. In addition to the services now using MS Teams as their primary working area, there are a number of Functional and Project Teams being used to conduct business across the Local Authority, including with partners. Since the last report to Audit Committee a number of service area/teams have or are about to migrate to MS Teams, including the Performance and Transformation Team, Human Resources, the Civil Contingencies Unit and Highways. Preliminary work is has also begun to look at migrating Legal Services (People) and Communications Marketing to MS Teams.
11. SIGG has also approved the migration to Teams telephony which will replace Cisco Jabber ensuring a unified approach to communications across the Council.

### Data Security and Protection (DSP) Toolkit

12. The DSP Toolkit is an online self-assessment tool that allows organisations to measure their performance against the National Data Guardian's 10 data security standards. All organisations that have access to NHS patient data and systems must use the toolkit to provide assurance that they are practising good data security and that personal information is handled correctly.
13. The Information Management Team has published the Council's submission for 2022/23. The Council's DSP Toolkit status of Standards Met is now publicly available for service users, commissioners, partner organisations and the public at <https://www.dsptoolkit.nhs.uk/OrganisationSearch/117>

### **ICT work plan**

14. SIGG also oversees the Council's ICT work programme, a summary of which are contained in the ICT Strategy - Implementation Progress report to Audit Committee.

### **Web Team work plan**

15. Work on phase 2 of the Darlington Borough Council (DBC) app has started. This includes a significant upgrade of some background infrastructure so that the new features can be added, it also adds future proofing for point 18 below. This phase will include device authentication (fingerprint, facial recognition, etc) for logging in, tracking of (Verint) Report It submissions and a series of minor bug fixes that have been identified.
16. The garden waste 2023 updates have been done early this year as it was expected that the team would be busy with the Rail Heritage Quarter website when the garden waste work usually takes place.
17. Work has started on migrating darlington.gov.uk from Umbraco 7 to v10 as support ends in September 2023. This is a significant piece of work as the underlying technology Umbraco sits on has been upgraded to the latest Microsoft platform. This means most custom code on the site will need to be rewritten in order to be compatible.

### **Systems and Process Team work plan**

18. The Systems and Process Team are the custodians of the large corporate applications that administer the Council's business across Social Care, Education, Customer Services, all online payments, Waste Management, Building Services, Street Cleansing, Planning, Anti-Social Behaviour, Building Control, Trading Standards and Licensing. The work plan covers all major upgrades to these systems (including the intensive testing regime needed to support this).
19. The team are working in Adult Social Care to align the Transformation Team programme with the system programme. The major change in Adult Social Care is the pending introduction of the Care Cap and charting progress to it, this needs to be delivered in an exceptionally tight time window with significant investment. Children's Social Care work continues on several change requests but with a particular focus on Relational Practice and the work that needs to happen in the system to allow forms to be developed this way. September will see the change programme for the systems in Children's Social Care start to be developed. The Education System is now part of a much wider programme that will see it wholly replaced in 2024.
20. Work continues to integrate the corporate payment engine into applications that take customer payments. This is especially relevant in services that work with IDOX (the application that deals with planning, licencing and building control). As we continue to develop this payment engine and its integration, we strengthen our Payment Card Industry compliance.
21. The development of the customer strategy is supported by the Verint work programme (Verint is the Councils CRM System) where forms are developed to allow a seamless digital interaction for the customer and a safe and secure payment option. Services that want to offer an online form option are working with the team to develop forms and options.

### **Training and awareness**

22. The revised table in Appendix 1 shows the position on 15 September 2022 with regard to the completion of the mandatory on-line information governance courses for IT and where applicable, non-IT users. Completion rates of over 95% for the courses remains the Council's target and represents an acceptable level of take up which must be achieved.
23. In relation to the Employees Guide to Information Security, Operations Group has met the 95% completion rate target and the overall completion rate has increased to 93.91% from 91.49% since the last report to Audit Committee. This course is not applicable to non-IT users.
24. In relation to the Social Media Module, IT users in both Operations Group and People Group have met the 95% completion rate target. The Council has also met its 95% completion rate target for all IT users in relation to this module. For non-IT users, completion rates remain at 56.46%, a slight increase from 55.66% at the time of the last report. The overall completion rate is 85.42%, an increase from 83.93% at the time of the last report to Audit Committee.
25. In relation to the Data Protection Act (DPA) 2018 course, the expiration of the two year mandatory time limit for revisiting the course impacted on the completion rates, however, significant progress continues to be made in achieving the 95% completion rate target. Both the previous and current completion rates in relation to the data protection course are included in Appendix 1 for information. Completion rates increased to 88.16% from 72.16% for IT users, although there was a slight decrease in completion rates for non-IT users, 47.91% compared to 48.56% at the time of the last report. The overall completion rate is 77.59%, an increase from 65.86% at the time of the last report to Audit Committee.
26. The evidence indicates the additional functionality added to Academy10 i.e. the dashboard, notifications for outstanding modules and reminder emails are all having a positive impact on IT users completion rates. With regards to completion rates for non-IT users, this has been reported to Assistant Directors. The Council also intends to review the current DPA 2018 course for non-IT users, to ensure it is both fit for purpose and to improve compliance.

### **Conclusion**

27. The Council's information governance programme continues to address emerging issues, support compliance with data protection legislation and manage the Council's information risks to an acceptable level.

### **Outcome of Consultation**

28. No formal consultation was undertaken in production of this report.

15/09/2022	Employees Guide to Information Security - New module launched March 2021		Social Media - New Module launched April 2020		DPA 2018 (2 Year Renewal Date Added)		DPA position as at 24.01.2022
	Comp	%	Comp	%	Comp	%	%
<b>People Group</b>	<b>612</b>	<b>93.29</b>	<b>628</b>	<b>95.73</b>	<b>558</b>	<b>85.06</b>	<b>94.97</b>
Adult Services	173	89.64	182	94.30	163	84.46	94.29
Children's Services	237	92.58	243	94.92	199	77.73	93.57
Commissioning, Performance & Transformation	103	96.26	105	98.13	97	90.65	98.11
Educational Services	82	98.80	82	98.80	82	98.80	96.67
Public Health	16	100.00	16	100.00	16	100.00	93.33
<b>Services Group</b>	<b>316</b>	<b>90.54</b>	<b>323</b>	<b>92.55</b>	<b>302</b>	<b>86.53</b>	<b>85.14</b>
Community Services	240	88.24	248	91.18	229	84.19	82.13
Transport & Capital Projects	75	98.68	74	97.37	72	94.74	96.15
<b>Operations Group</b>	<b>343</b>	<b>99.42</b>	<b>344</b>	<b>99.71</b>	<b>330</b>	<b>95.65</b>	<b>100.00</b>
Housing & Revenues	183	98.92	184	99.46	178	96.22	100.00
Law & Governance	69	100.00	69	100.00	64	92.75	100.00
Resources	60	100.00	60	100.00	57	95.00	100.00
Strategy Performance & Communications	30	100.00	30	100.00	30	100.00	100.00
<b>Chief Executives &amp; Economic Growth</b>	<b>54</b>	<b>88.52</b>	<b>56</b>	<b>91.80</b>	<b>54</b>	<b>88.52</b>	<b>96.61</b>
Darlington Partnership	3	100.00	3	100.00	3	100.00	100.00
Economic Growth	50	87.72	52	91.23	50	87.72	96.36
<b>Total</b>	<b>1325</b>	<b>93.91</b>	<b>1351</b>	<b>95.75</b>	<b>1244</b>	<b>88.16</b>	<b>93.75</b>

	Comp	%	Comp	%	Comp	%
None AC10 Users	N/A	N/A	284	56.46	241	47.91
<b>Overall</b>	<b>1325</b>	<b>93.91</b>	<b>1635</b>	<b>85.42</b>	<b>1485</b>	<b>77.59</b>

**AUDIT COMMITTEE  
28 SEPTEMBER 2022**

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**MID YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT  
2022/23**

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**SUMMARY REPORT**

**Purpose of the Report**

1. This report seeks approval of the revised Treasury Management Strategy, Prudential Indicators and provides a mid-yearly review of the Council's borrowing and investment activities. Audit Committee are requested to forward the revised Strategy and indicators to Cabinet and Council for their approval and note changes to the MTFP with regard to the Treasury Management Budget (Financing Costs).

**Summary**

2. The mandatory Prudential Code, which governs Council's borrowing, requires Council approval of controls, called Prudential Indicators, relating to capital spending and borrowing. Prudential Indicators are set in three statutory annual reports, a forward looking annual treasury management strategy, a backward looking annual treasury management report and this mid-year update. The mid-year update follows Council's approval in February 2022 of the 2022/23 Prudential Indicators and Treasury Management Strategy.
3. The key objectives of the three annual reports are:
  - (a) to ensure the governance of the large amounts of public money under the Council's Treasury Management activities:
    - (i) Complies with legislation
    - (ii) Meets high standards set out in codes of practice
  - (b) To ensure that borrowing is affordable,
  - (c) To report performance of the key activities of borrowing and investments.
4. The key proposed revisions to Prudential Indicators relate to:
  - (a) The Operational Boundary will reduce to £156.699m and the Authorised Limit to £239.879m which will allow for any additional cashflow requirement.
5. Investments include £30m in property funds which are expected to increase our net return on investments by around £0.340m in future years.

**Recommendation**

6. It is recommended that :
  - (a) The revised prudential indicators and limits within the report in Tables 1 to 6, 8, 10 and 12 to 17 are examined.
  - (b) The Treasury Management Budget (Financing Costs) projected outturn shown in Table 11 is noted.
  - (c) That this report is forwarded to Council via Cabinet with comments from this committee, in order for the updated prudential indicators to be approved.

### **Reasons**

7. The recommendations are supported by the following reasons :-
  - (a) In order to comply with the Prudential Code for Capital Finance in Local Authorities;
  - (b) To inform Members of the performance of the Treasury Management function;
  - (c) To comply with the Local Government Act 2003;
  - (d) To enable further improvements to be made in the Council's Treasury Management function.

**Elizabeth Davison**  
**Group Director of Operations**

### **Background Papers**

- (i) Capital Medium Term Financial Plan 2022/23
- (ii) Prudential Indicators & Treasury Management Strategy 2022/23
- (iii) Accounting records
- (iv) The Prudential Code for Capital Finance in Local Authorities

Peter Carrick: Extension 5401

S17 Crime and Disorder	This report has no implications for S17 Crime and Disorder.
Health and Well Being	This report has no implications for the Council's Health and Well Being agenda.
Carbon Impact	There are no carbon impact implications in this report.
Diversity	There are no specific implications for the Council's diversity agenda.
Wards Affected	All Wards.
Groups Affected	All Groups.
Budget and Policy Framework	This report must be considered by Council.
Key Decision	This is not an executive decision.
Urgent Decision	For the purposes of call in this report is not an urgent decision.
Council Plan	This report has no particular implications for the Council Plan.
Efficiency	The report refers to actions taken to reduce costs and manage risks.
Impact on Looked After Children and Care Leavers	This report does not impact on Looked After Children or Care Leavers

## Information and Analysis

8. This mid-year review report meets the regulatory framework requirement of treasury management. It also incorporates the needs of the Prudential Code to ensure monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Strategy and the PIs were previously reported to Council on 17 February 2022.
9. This report concentrates on the revised positions for 2022/23. Future year's indicators will be revised when the impact of the MTFP 2023/24 onwards is known.
10. A summary of the revised headline indicators for 2022/23 is presented in **Table 1** below. More detailed explanations of each indicator and any proposed changes are contained in the report. The revised indicators reflect the movement in the Capital MTFP since its approval in February 2022 and the means by which it is financed.

**Table 1 Headline Indicators**

	<b>2022/23 Original Estimate</b>	<b>2022/23 Revised Estimate</b>
	£m	£m
Capital Expenditure (Tables 2 and 3)	76.970	71.466
Capital Financing Requirement (Table 4)	243.523	228.456
Operational Boundary for External Debt (Table 4)	185.966	156.699
Authorised Limit for External Debt (Table 6)	255.699	239.879
Ratio of Financing Costs to net revenue stream- General Fund (Table 14)	2.14%	2.14%
Ratio of Financing Costs to net revenue stream- Housing Revenue Account (HRA)(Table 14)	14.79%	14.93%

11. The capital expenditure plans and prudential indicators for capital expenditure are set out initially, as these provide the framework for the subsequent treasury management activity. The actual treasury management activity follows the capital framework and the position against the treasury management indicators is shown at the end.
12. The purpose of the report supports the objective in the revised CIPFA Code of Practice on Treasury Management and the Department for Levelling Up, Housing & Communities Investment Guidance which state that Members receive and adequately scrutinise the treasury service.
13. The underlying economic environment remains difficult for Councils and concerns over counterparty risk are still around. This background encourages the Council to continue investing over the shorter term and with high quality counterparties, the downside is that investment returns remain low.

## Key Prudential Indicators

14. This part of the report is structured to update:
- (a) The Council’s capital expenditure plans
  - (b) How these plans are financed
  - (c) The impact of the changes in the capital expenditure plans on the PI’s and the underlying need to borrow
  - (d) Compliance and limits in place for borrowing activity
  - (e) Changes to the Annual Investment Strategy
  - (f) The revised financing costs budget for 2022/23

### Capital Expenditure PI

15. **Table 2** shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the budget.

**Table 2**

Capital Expenditure by Service	2022/23 Original Estimate	2022/23 Revised Estimate
	£m	£m
General Fund	40.231	55.315
HRA	32.980	16.359
<b>Total Estimated Capital Expenditure</b>	<b>73.211</b>	<b>71.674</b>
Loans to Joint Ventures	3.759	(0.208)
<b>Total</b>	<b>76.970</b>	<b>71.466</b>

16. The changes to the 2022/23 capital expenditure estimates have been notified to Cabinet as part of the Capital Budget monitoring process (Quarterly Project Position Statement Report).
17. The current capital programme that has not already been financed now stands at £207.208m but this includes a number of schemes that will be spent over a number of years not just in 2022/23. A reduction of £135.742m has been allowed for schemes which are known will be finalised in future years, but it is likely that other schemes will also slip into future years.

### Impact of Capital Expenditure Plans

#### Changes to the financing of the Capital Programme

18. **Table 3** draws together the main strategy elements of the capital expenditure plans shown above, highlighting the original elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element (Borrowing Need) increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR). Borrowing need has reduced for 2022/23 due to schemes that have been estimated to have slipped into future years. This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

**Table 3**

<b>Capital Expenditure</b>	2022/23 Original Estimate	2022/23 Revised Estimate
	£m	£m
General Fund	40.231	55.315
HRA	32.980	16.359
Loans to Joint Ventures	7.446	6.165
<b>Total Capital expenditure</b>	<b>80.657</b>	<b>77.839</b>
<b>Financed By:</b>		
Capital Receipts - Housing	0.303	0.303
Capital Receipts –General Fund	3.832	0.794
Capital grants	4.575	39.643
JV Repayments	3.687	6.373
HRA Revenue Contributions	17.618	13.384
HRA Investment Fund	0.000	2.672
Self-Financing - GF	20.000	9.119
<b>Total Financing</b>	<b>50.015</b>	<b>72.288</b>
<b>Borrowing Need</b>	<b>30.642</b>	<b>5.551</b>

### **The Capital Financing Requirement (PI), External Debt (PI) and the Operational Boundary**

19. **Table 4** shows the Capital Financing Requirement (CFR), which is the underlying external need to borrow for capital purposes. It shows the expected actual debt position over the period. This is called the Operational Boundary. The reduction in Borrowing Need (Table 3) is around £25.1m and currently actual borrowing for the Council is £144.082m. The reduction is due to slippage in the Housing programme and the Railway Heritage Quarter which is predominantly grant funded. It is proposed to set an actual borrowing figure of £148.582m this will accommodate the additional borrowing need and any debt requirements for cash flow purposes. Other Long-term liabilities (the PFI scheme) will be added to give the revised operational boundary for 2022/23.

**Prudential Indicator- External Debt/ Operational Boundary****Table 4**

	2022/23 Original Estimate	2022/23 Revised Estimate
	£m	£m
<b>Prudential Indicator- Capital Financing Requirement</b>		
Opening CFR- Post Audit of Accounts	<b>225.663</b>	<b>224.285</b>
CFR General Fund	141.661	143.275
CFR General Fund PFI/Leasing IFRS	8.117	8.117
CFR – Housing	77.225	67.225
CFR – Loans to Joint Ventures	16.520	9.839
Total Closing CFR	<b>243.523</b>	<b>228.456</b>
Net Movement in CFR	17.860	4.171
Borrowing	177.849	148.582
Other long-Term Liabilities	8.117	8.117
<b>Total Debt 31 March- Operational Boundary</b>	<b>185.966</b>	<b>156.699</b>

**Limits to Borrowing Activity**

20. The first key control over the treasury activity is a PI to ensure that over the medium term gross borrowing should not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the next two financial years. As shown in **Table 5** below.

**Table 5**

	2022/23 Original Estimate £m	2022/23 Revised Estimate £m	2023/24 Revised Estimate £m	2024/25 Revised Estimate £m
Gross borrowing	177.849	148.582	163.582	178.582
Plus Other Long Term Liabilities	8.117	8.117	7.011	5.912
Total Gross Borrowing	<b>185.966</b>	<b>156.699</b>	<b>170.593</b>	<b>184.494</b>
CFR* (year-end position)	243.523	228.456	241.924	255.398

\* includes on balance sheet PFI schemes and finance leases

21. The Group Director of Operations reports that no difficulties are envisaged for the current and future years in complying with this PI.
22. A further PI controls the overall level of borrowing, this is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which while not desirable, could be afforded in the short term, but is not sustainable in the longer term. The Authorised Limit is currently set 5% above the Capital Financing Requirement to allow for any additional cashflow needs, the revised figure for 2022/23 has been raised by

5% of the new CFR total. Whilst it is not expected that borrowing would be at these levels this would allow additional borrowing to take place should market conditions change suddenly and swift action was required. This is a Statutory limit determined under section 3 (1) of the Local Government Act 2003.

23. It is proposed to move the Authorised Limit in **Table 6** in line with the movement in the overall Capital Financing Requirement.

**Table 6**

<b>Authorised Limit for External Debt</b>	2022/23 Original Indicator £m	2022/23 Revised Indicator £m
Capital Financing Requirement	243.523	228.456
Additional headroom to Capital Financing Requirement	12.176	11.423
<b>Total Authorised Limit for External Debt</b>	<b>255.699</b>	<b>239.879</b>

**Interest Rate Forecasts Provided by Link Asset Services (as at 9 August 2022)**

**Table 7**

	<b>Bank Rate</b>	<b>PWLB rates for borrowing purposes*</b>			
		5 year	10 year	25 year	50 year
	%	%	%	%	%
<b>2022/23</b>					
Sept 2022	2.25	2.80	3.00	3.40	3.10
Dec 2022	2.50	3.00	3.20	3.50	3.20
March 2023	2.75	3.10	3.30	3.50	3.20
<b>2023/24</b>					
June 2023	2.75	3.10	3.30	3.50	3.20
Sept 2023	2.75	3.00	3.20	3.50	3.20
Dec 2023	2.50	3.00	3.10	3.40	3.10
March 2024	2.50	2.90	3.10	3.40	3.10
<b>2024/25</b>					
June 2024	2.25	2.90	3.00	3.30	3.00
Sept 2024	2.25	2.80	3.00	3.30	3.00
Dec 2024	2.25	2.80	3.00	3.20	2.90
March 2025	2.25	2.80	2.90	3.20	2.90

\*PWLB rates above are for certainty rates (which are provided for those authorities that have disclosed their borrowing/capital plans to the government. Darlington Borough Council will be able to access these certainty rates which are 0.2% below PWLB's normal borrowing rates.

24. The coronavirus outbreak has done huge economic damage to the UK and to economies around the world.
25. Central banks in the developed economies have significantly quickened the pace of their monetary policy tightening. Although their policies are bespoke and reflect the economic backdrop in each of their countries, that is not to say there has not been a similar approach to dampening inflationary pressures that are still spiking upwards. In

that respect, the US Federal Open Market Committee (FOMC) has led with increases of 225bps in the year to date, whilst the Bank of England's Monetary Policy Committee (MPC) has increased its Bank Rate by 150bps to 1.75%.

26. The latest Bank Rate increase was implemented on the 4 August. After an 8-1 vote in favour, Bank Rate shifted up 50bps from 1.25% to 1.75%, but the MPC was careful to keep its options open regarding future decision-making (also note that one vote was for only a 25bps increase). It tweaked its forward guidance in a couple of ways. First, it added that "policy is not on a pre-set path" and that the MPC will decide the "appropriate level of Bank Rate at each meeting". Second, it now says that "further changes" rather than "further increases" in Bank Rate "will reflect the Committee's assessment of the economic outlook and inflationary pressures". The first change suggests that rates will not automatically rise by 50bps at the next few meetings and that the higher rates go, the more important the level. The second change appears to open the door to rate cuts further ahead.
27. In addition, the MPC surprised the market with its candidness in respect of its UK economic growth forecast assumptions. It stated that the UK is in for five quarters of recession starting in Q4 2022 and running all the way through to the end of 2023. In the interim, it is projected that CPI inflation will exceed 13% in Q4 2022. Half of this increase can be attributed directly to gas/electricity price inflation and a further 2% - 2.5% to the indirect knock-on effects of higher energy on production/services.
28. Furthermore, the MPC said that it is "provisionally minded" to commence gilt sales of £10bn per quarter from the end of September. That means the balance sheet will soon start to shrink at a faster pace.
29. However, that said, the MPC appeared also to be sending dovish signals further ahead as the forecast recession involves a 2.2% decline in GDP and if interest rates rise to 3.00%, as the markets currently expect, inflation will be below the 2% target in three years' time. That appears to imply that rates don't need to rise as far as 3.00% and/or that at some point in the next three years rates will need to be cut again to boost inflation.
30. The Bank also acknowledged it has not taken account of the prospect of a change in Government policy regarding the potential tax cuts offered up by the new Prime Minister. If this policy change occurs, regardless of whether it is to a lesser or greater extent, it is likely to add to inflationary pressures and will be an additional issue for the MPC to consider in full at its November meeting.
31. There is a lot to digest from what the MPC has said and done but as has been apparent for some time, there is also a huge influence on UK gilt yields and their movements emanating from what happens with US Treasuries. Therefore, in putting together the interest rate forecasts it is worth noting that should US inflation continue to be stubbornly high (currently the CPI reading is 9.1%) and the jobs reports continue to surprise on the upside (528,000 new jobs reported on Friday and unemployment at a record low of 3.5%), there is the prospect that any downward momentum in UK yields could be offset by Treasury yields shifting higher. Conversely, yield falls could also be supported by the Fed's determination to get inflation down in the US through robust monetary policy tightening.

32. Overall, the pace of the Bank Rate increases in the forecasts have quickened. We still have a peak of 2.75% in Q1 2023 but that is now based on a 50bps hike in September followed by two 25bps increases in Q4 and Q1. At this juncture, we feel the MPC will want to be seen to be remaining tough on inflation, but they will also be cognisant of the cost-of-living squeeze accelerating, following 60%+ gas/electricity price increases in October. Therefore, after Bank Rate moves up to 2.25% in September, we forecast the pace of rate increases will fall back again from Q4. However, the MPC could also reach 2.5% at the end of the year by implementing equal 25bps hikes in September, November and December. A further 25bps increase in Q1 2023 is our best estimate, but by then we should have a better understanding of whether inflation has peaked, how fast it is falling and what is happening in the broader economy following the important Christmas retail sales data and monthly jobs and wages data.
33. Regarding gilt yields, these have been on a march upwards since the turn of the year, but that march has been accompanied by significant bouts of volatility that have sometimes been not only hard to explain but also difficult to predict, including the direction of travel. The best judgment is that gilt yields across the curve have a little further to rise but only by 20 – 30bps, so a lower peak than we were forecasting back in June.
34. However, given the volatility we have witnessed in recent months, we are forecasting more of the same over the next couple of quarters at least. So, those clients looking to borrow will need to ensure they can act nimbly when the opportunity arises for locking out some interest rate certainty at attractive levels, whilst those looking to repay borrowing should take advantage of upward momentum in yields when that arises.

### Treasury Management Strategy 2022/23 and Annual Investment Strategy Update

35. The Treasury Management Strategy Statement, (TMSS), for 2022/23 was approved by this Council on 17 February 2022.
36. There are no policy changes to the TMSS.
37. The details in this report update the position in the light of the updated economic position and budgetary changes already approved.

### Debt Activity during 2022/23

38. The expected net borrowing need is set out in **Table 8**

**Table 8**

	<b>2022/23 Original Estimate £m</b>	<b>2022/23 Revised Estimate £m</b>
CFR (year-end position) from Table 4	243.523	228.456

<u>Less</u> other long term liabilities PFI and finance leases	8.117	8.117
Net adjusted CFR (net year end position)	<b>235.406</b>	<b>220.339</b>
Expected Borrowing	177.849	148.582
(Under)/ Over borrowing	<b>(57.557)</b>	<b>(71.757)</b>

39. The Council hasn't taken on any new debt in the current year to date.
40. The amount borrowed by the Council now stands at £148.582m, this excludes any additional cashflow loans which may be required.
41. There will still be an element of under-borrowing by the Council at the end of March 2023.

#### **Debt Rescheduling**

42. Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

#### **Annual Investment Strategy 2022/23**

##### **Investment Portfolio**

43. In accordance with the Code, it is the Council's priority to ensure security of Capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. It is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous years as rates are very low and in line with the current 0.10% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis together with other risks which could impact on the creditworthiness of banks prompts a low risk strategy. Given this risk environment investment returns are likely to remain low.

#### **Treasury Management Activity from 1 April 2022 to 31 August 2022**

44. Current investment position – The Council held £53.849m of investments at 31/08/2022 and this is made up of the following types of investment.

**Table 9**

<b>Sector</b>	<b>Country</b>	<b>Up to 1 year</b>
		<b>£m</b>
Banks	UK	12.000
AAA Money Market Funds	Sterling Funds	11.850
Property Funds - CCLA	UK	10.000

Hermes		10.000
Lothbury	UK	9.999
<b>Total</b>		<b>53.849</b>

### Short Term Cashflow Investments

45. Cash balances are invested on a daily basis to maximise the benefit of temporary surplus funds. These include investments in Money Market Funds, the Government's Debt Management Office and bank short term notice accounts. A total of 61 investments were made in the period 1 April 2022 to 31 August 2022 totalling c£132m these were for short periods of up to 180 days and earned interest of £0.143m on an average balance of £32.893m which equated to an annual average interest rate of 1.02%.

### Investment returns measured against the Service Performance Indicators

46. The target for our investment returns is to better or at least match a number of external comparators, this performance indicator is also known as yield benchmarking. As can be seen from Table 10, the short term investment achievements (up to 6 months) are above market expectations.

**Table 10**

	Cashflow Investments %
<b>Darlington Borough Council - Actual</b>	<b>1.02%</b>
<b>External Comparators</b>	
Sterling Overnight Index Average (SONIA) – 6 months	1.00%

### Treasury Management Budget

47. There are three main elements within the Treasury Management Budget:-

- (a) Longer term capital investments interest earned – a cash amount of which earns interest and represents the Councils revenue balances, unused capital receipts, reserves and provisions, this will now include Property Funds.
- (b) Cash flow interest earned – the authority has consistently had a positive cash flow. Unlike long term capital investments it does not represent any particular sum but it is the consequence of many different influences such as receipt of grants, the relationship between debtors and creditors, cashing of cheques and payments to suppliers.
- (c) Debt serving costs – this is the principal and interest costs on the Council's long term debt to finance the capital programme.

**Table 11 - Changes to the Financing Costs Budget 2022/23**

	£m	£m
<b>Original Financing Costs Budget 2022/23</b>		<b>0.637</b>
Add Increased debt costs	0.302	
Less Increased returns on Investments	(0.554)	
Add net reduced returns on Property Funds	0.252	
Total adjustments		<b>0.000</b>
<b>Revised Treasury Management Budget 2022/23</b>		<b>0.637</b>

48. This statement concludes that the Treasury Management budget is forecast to Outturn on budget in 2022/23, this will be reflected in the current MTFP projections.

### Risk Benchmarking

49. A regulatory development is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance and these are shown in Table 12. Discrete security and liquidity benchmarks are also requirements of member reporting.

50. The following reports the current position against the benchmarks originally approved.

51. **Security** – The Council’s maximum security risk benchmarks for the current portfolio of investments, when compared to historic default tables were set as follows;

#### 0.077% historic risk of default when compared to the whole portfolio

**Table 12**

Maximum	Benchmark 2022/23	Actual May	Actual July
Year 1	0.077%	0.007%	0.001%

N.B. this excludes Property Funds

52. The counterparties that we use are all high rated therefore our actual risk of default based on ratings attached to counterparties is very low.

53. **Liquidity** – In respect of this area the Council set liquidity facilities/ benchmark to maintain

- (i) Bank overdraft - £0.100M
- (ii) Liquid short term deposits of a least £3.000M available within a weeks notice
- (iii) Weighted Average Life benchmark is expected to be 0.4 years with a maximum of 1 year

54. The Group Director of Operations can report that liquidity arrangements have been adequate for the year to date as shown in Table 13.

**Table 13**

	<b>Benchmark 2022/23</b>	<b>Actual May</b>	<b>Actual July</b>
<b>Weighted Average Life</b>	0.4 – 1 year	0.21 years	0.20 years

55. The figures are for the whole portfolio of cash flow investments deposited with Money Market funds on a call basis (i.e. can be drawn on without notice) as well as call accounts that include a certain amount of notice required to recall the funds.

### Treasury Management Indicators

56. **Actual and estimates of the ratio of financing costs to net revenue stream** – This indicator identifies the trend in the cost of capital (financing costs net of interest and investment income) against the net revenue stream.

**Table 14**

	<b>2022/23 Original Indicator</b>	<b>2022/23 Revised Indicator</b>
<b>General Fund</b>	<b>2.14%</b>	<b>2.14%</b>
<b>HRA</b>	<b>14.79%</b>	<b>14.93%</b>

### Treasury Management Prudential indicators

57. **Upper Limits on Variable Rate Exposure** – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments.
58. **Upper Limits on Fixed Rate Exposure** – Similar to the previous indicator this cover a maximum limit on fixed interest rates
59. Historically for a number of years this Council has used these percentages; together they give flexibility to the treasury management strategy allowing the Council to take advantage of both fixed and variable rates in its portfolio whilst ensuring that its exposure to variable rates is limited.

**Table 15**

	<b>2022/23 Original Indicator</b>	<b>2022/23 Revised Indicator</b>
Limits on fixed interest rates	100%	100%
Limits on variable interest rates	40%	40%

60. **Maturity Structures of Borrowing** - These gross limits are set to reduce the Council’s exposure to large fixed rate loans (those instruments which carry a fixed interest for the duration of the instrument) falling due for refinancing. The higher limits for longer periods reflect the fact that longer maturity periods give more stability to the debt portfolio.

**Table 16 - Maturity Structures of Borrowing**

	<b>2022/23 Original indicator</b>	<b>2022/23 Actual to Date</b>	<b>2022/23 Revised Indicator</b>
Under 12 months	25%	17%	30%
12 months to 2 years	40%	6%	40%
2 years to 5 years	60%	12%	60%
5 years to 10 years	80%	9%	80%
10 years and above	100%	57%	100%

61. **Total Principal Funds Invested** – These limits are set having regard to the amount of reserves available for longer term investment and show the limits to be placed on investments with final maturities beyond 1 year. This limit allows the authority to invest for longer periods if they give better rates than shorter periods. It also allows some stability in the interest returned to the Authority.

**Table 17 - Principal Funds Invested**

	<b>2022/23 Original Indicator</b>	<b>2022/23 Revised Indicator</b>
Maximum principal sums invested greater than 1 year	£50m	£50m

### **Conclusion**

62. The prudential indicators have been produced to take account of the Council’s borrowing position. The key borrowing indicator (the Operational Boundary) is £156.699m. The Council’s return on investments has been good, exceeding both of the targets. Based on the first five months of 2022/23 the Council’s borrowing and investments is forecast to be on target on the approved 2022/23 budget.
63. The Council’s treasury management activities comply with the required legislation and meet the high standards set out in the relevant codes of practice.

### **Outcome of Consultation**

64. No consultation was undertaken in the production of this report.

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**AUDIT COMMITTEE  
28 SEPTEMBER 2022**

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**ANTI-FRAUD AND CORRUPTION STRATEGY 2022-2023**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To advise Members of the Anti-Fraud and Corruption arrangements for the period 2022-2023.

**Information and Analysis**

2. Estimates suggests in excess of £300m is being lost to fraud in local government. With the pressures faced by our services it is imperative that we are able to ensure the funds we have are not being lost to fraudsters.
3. The Chartered Institute of Public Finance and Accountancy (CIPFA) take the lead on providing advice and guidance to the sector on managing the fraud risk. They also co-ordinate annual surveys of fraudulent activity detected across local government.
4. A Code of Practice on Managing the Risk of Fraud and Corruption was published by CIPFA in October 2014. The code has 5 distinct strands:
  - Acknowledge Responsibility
  - Identify Risks
  - Develop a Strategy
  - Provide Resources
  - Take Action
5. The attached strategy has been developed in line with the code of practice with each of the 5 themes addressed. The format of the strategy has been redefined from previous versions to improve the visual appeal of the strategy and make it more effective.
6. The strategy is endorsed by senior management with a foreword provided by the Director - Operations as the responsible finance officer and the Chair of the Audit Committee reflecting the importance of tackling fraud within the authority.
7. At the core of the code is understanding our fraud risk and ensuring we provide adequate resources to address the areas of greatest risk. A risk has been added to the strategic risk register to facilitate this.
8. Based on the results of local counter fraud activity and the national estimates of where fraud occurs it would appear the resources we have available and where they are deployed are commensurate with the current level of risk exposure. There are a number of emerging risk areas (specifically social care and procurement), work will be undertaken from existing

resources to assess the risk posed and whether there is a need for additional controls in those areas.

9. There are a significant number of promotional materials available to support counter fraud efforts. Included in the strategy are a number of actions around raising awareness and ensuring everyone understands the risk of fraud therefore helping to prevent fraud occurring and where it does to ensure it is reported and appropriate action is taken.
10. The audit plan supports the fraud risk assessment process providing advice and guidance where controls need to be improved. Good practice suggests continuous monitoring is an effective process for detecting fraud early. Much of the work within the audit plan is moving towards continuous monitoring not only to improve the efficiency and effectiveness of the audit service but also to support the early detection of fraud reducing its impact.

### **Anti-Fraud and Corruption Strategy 2021/2022 Update**

11. A number of actions were identified in the 2021/2022 strategy and a position statement is provided below:
  - a. Intranet pages were reviewed and updated during the year. The intranet page includes guidance and training materials for staff.
  - b. Fraud risk assessment has been reviewed at regular intervals during the year.
  - c. Progress has been made on the programme of controls auditing.
  - d. Audits have considered management arrangements for the prevention and detection of fraud.
  - e. A number of awareness campaigns were undertaken including press releases and social media posts during international fraud awareness week in November and updates to staff via the weekly briefing throughout the year.
  - f. Publication of relevant fraud information is included within the strategy itself.
  - g. Participation in the National Fraud Initiative (NFI) exercise.

**Recommendation**

12. It is recommended that :-

- a. That the Audit Committee approves the Anti-Fraud and Corruption Strategy (Appendix A).

**Reason**

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

**Andrew Barber**  
**Audit and Risk Manager**

**Background Papers**

- (i). CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Andrew Barber : 01642 526176 Internal : 156176

S17 Crime and Disorder	Other than any special investigation work required there is no crime and disorder impact.
Health and Well Being	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	This 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.
Council Plan	There is no specific relevance to the strategy beyond the report comprising part of the Council’s governance arrangements.
Efficiency	There is no specific efficiency impact.

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# Anti-Fraud & Corruption Strategy

2022/2023



**DARLINGTON**  
Borough Council

### Foreword

Welcome to Darlington Borough Council’s Anti-Fraud and Corruption Strategy. Fraud and corruption is estimated to cost the public sector £702m a year in the UK with estimates in the region of £302m in local government alone. Nationally, Council Tax & Housing Fraud continue to be areas where significant fraud occurs and Social Services and Procurement fraud have been identified as the areas of greatest risk. Clearly this is an unacceptable waste of taxpayers money and each of us has a role to play in preventing this waste and ensuring those funds are available to deliver services to our residents.

This document will outline some of the good work that is already taking place as well as looking at ways we can improve our systems and processes to prevent future waste. Despite relatively low levels of fraud detected locally we mustn’t rest on our laurels and we will continue our work to tackle Housing Fraud and Council Tax fraud whilst looking to further develop the work we do to tackle fraud in emerging areas such as Social Services and Procurement. With your help and support we can ensure funds go into our vital services rather than lining the pockets of criminals.

Elizabeth Davison - Director of Operations

As a councillor and chair of the audit committee I see every day the commitment of our staff to ensure services are delivered to the very best of our ability to our residents. It is disheartening that despite all of this effort we could be doing more if funds were not being diverted away from vital services into the hands of criminals. We have in place a robust governance framework to help reduce the risk of fraud but as ever it is you, our staff who have the most vital role to play by being vigilant and conscious of the fact that fraud may be occurring. Together we can ensure funds are used in the right way to continue to deliver the very best services to our residents and I thank you for your continued vigilance in our fight against fraud.

Cllr Gerald G. Lee - Audit Committee Chair

**Fraud** – this is defined by the Fraud Act 2006 “A person shall be guilty of fraud if he

- dishonestly makes a false representation, or
- dishonestly fails to disclose to another person information which he is under a legal duty to disclose, or
- occupies a position in which he is expected to safeguard or not to act against the financial interests of another person and dishonestly abuses that position

AND

- intends to make a gain for himself or another or to cause loss to another or expose another to a risk of loss"

The Council recognises that as well as causing financial loss, fraud is also detrimental to the provision of services, and damaging to the reputation of, and confidence in, the Council, public bodies in general and reputable businesses.

The Council is clear that it will not tolerate any impropriety by employees, elected Members or third party organisations.

## Detection

- The Council will use all legal and cost effective means to detect fraud, corruption and bribery including working with other organisations in national data matching schemes e.g. the National Fraud Initiative, Housing Benefit Matching Service, HMRC Taxes Management Act Returns. This may require the lawful sharing of information.
- Risk based Internal Audit Plan that ensures areas with a high risk of fraud are reviewed at least annually.
- Elected Members, staff and external stakeholders are expected to report suspected fraud, corruption or bribery promptly.

## Prevention

- The establishment of adequate internal control systems to prevent fraud is the responsibility of Management.
- The Chief Executive, Directors and Assistant Directors are responsible for assessing the effectiveness of internal control systems in relation to fraud, corruption and bribery.
- Internal Audit coverage is sufficient to provide annual assurance to the Council's Audit Committee and supports managers by assessing controls in relation to the prevention of fraud.
- Awareness raising with staff around the importance of maintaining adequate control systems.

## How we tackle Fraud

## Respond

- All instances of suspected fraud must be notified to Internal Audit service to enable the completion of annual returns and to form evidence to support the Annual Governance Statement.
- Investigation will be conducted by the most appropriate section as detailed below:
  - Fraud involving employees will be investigated in accordance with the Council's Disciplinary Procedures by a nominated Investigation Manager with support from the Internal Audit Service.
  - Allegations of improper conduct made against members will be managed by the Monitoring Officer.
  - Other fraud committed against the council will be considered on a case by case basis to determine the most appropriate section to undertake the investigation.
- The Council will adhere to the provisions of the Regulation of Investigatory Powers Act (RIPA) and Money Laundering Legislation.
- Any decision to involve the Police in any investigation of fraud will be taken by the Section 151 Officer in consultation with the Chief Executive and the Monitoring Officer.
- The outcome of the investigation of fraud against the council will be reported appropriately to ensure systems and procedures are amended and to act as a deterrent.
- The Council recognises the need to ensure that its investigation process is not misused. Any abuse such as the raising of malicious allegations by officer/members will be dealt with as a disciplinary matter.
- Sanctions - Including recovery of proceeds (POCA, Civil Law, Pensions)

## Policy Framework

- Codes of Conduct for Members and Employees;
- Protocol for members on Gifts and Hospitality;
- Confidential Reporting ("Whistleblowing") Policy and Complaints Procedures;
- Contracts Procedure Rules;
- Standing Orders and Financial Procedural Rules;
- ICT Security Policies;
- Robust internal control systems, processes and reliable record keeping;
- Effective Internal Audit;
- Effective Recruitment procedures;
- Disciplinary Policy and Procedures;
- The Regulation of Investigatory Powers (RIPA) Procedure;
- Induction and Training;
- Fraud Response Plan.



## Understanding the Fraud Risk

1	Fraud & Corruption	Failure to detect or prevent fraud and corruption.					
Causes	Implications	Risk Status					
<ul style="list-style-type: none"> <li>Breach in standards, corporate policies or procedures.</li> <li>Poor recruitment standards, or vetting of contractors.</li> <li>Economic recession and individual circumstances create pressures and motivate the crime.</li> <li>Bribery or collusion.</li> <li>Opportunity provided by system weakness and poor internal controls.</li> <li>Erosion of ethics.</li> <li>Employee disaffection.</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss.</li> <li>Negative publicity and adverse impact on reputation.</li> <li>Loss or damage to resources or infrastructure.</li> <li>Data loss or breach.</li> <li>Detrimental impact on service provision and local taxpayers.</li> </ul>	<p>The Council has a responsibility to protect public funds for which we are responsible. Fraud on public funds is unacceptable therefore the Council is committed to minimising the risk of fraud, corruption and misappropriation. Development of an anti-fraud culture is part of improving resilience to fraud, through raising awareness, clearly defined responsibilities, robust reporting mechanisms and a suitability resourced anti-fraud strategy.</p> <p>Welfare benefit cases are referred to the Single Fraud Investigation Service for investigation. Instances of procurement fraud can be costly. The Council does tend to focus its efforts in the areas where the highest numbers currently exist so the potential value of frauds not currently being actively pursued will be relatively low. Sound systems were put in place to manage the COVID Grants. All evidence received suggests levels of fraud within DBC are low due to the sound systems and processes in place to detect fraudulent attempts and prevent the fraud from occurring.</p>					
		Current Risk			Desired Outcome		
		Impact	Likelihood	Score	Impact	Likelihood	Score
		2	1	2	2	1	2

Required Actions	Owner and Target Date
<p><b>Anti-Fraud Strategy</b> Develop an effective counter fraud strategy setting out our approach to managing the risk of fraud and defining responsibilities for action.</p> <ul style="list-style-type: none"> <li>• Anti-Fraud Strategy to be updated and presented to Audit Committee for approval.</li> <li>• Progress against the Anti-Fraud Strategy and Action Plan to be reviewed quarterly as informed by the risk assessment process.</li> <li>• Review and update as necessary the Internet and Intranet presence for the updated Anti-Fraud Strategy, linked policies and fraud reporting mechanisms.</li> </ul>	<p>September 2022 - Audit &amp; Risk Manager On-going - Audit &amp; Risk Manager</p> <p>On-going - Audit &amp; Risk Manager</p>
<p><b>Fraud Risk Assessment</b> Periodic fraud risk assessment undertaken to understand the scale of corporate fraud risk and the potential implications to the organisation.</p> <ul style="list-style-type: none"> <li>• Fraud and Corruption risk included in the Strategic Risk Register.</li> <li>• Quarterly monitoring and update of identified controls, actions and current status.</li> <li>• Assess the extent to which Senior Management identify and monitor fraud risks and increase senior management ownership as necessary.</li> <li>• Reporting fraud risk to Members in line with the Risk Management policy.</li> </ul>	<p>On-going - Audit &amp; Risk Manager On-going - Audit &amp; Risk Manager On-going - Audit &amp; Risk Manager</p> <p>On-going - Audit &amp; Risk Manager</p>
<p><b>Data Matching</b> Detection of potential fraud through the use of third party data matching.</p> <ul style="list-style-type: none"> <li>• Submission of files for NFI Exercise</li> <li>• Participation in NFI data matching exercises and review of potential matches in high risk areas.</li> <li>• Increase resources available to review high priority matches identified.</li> <li>• Provide a summary of results from the NFI exercise quarterly.</li> </ul>	<p>October 2022 - Audit &amp; Risk Manager On-going - Audit &amp; Risk Manager On-going - Audit &amp; Risk Manager On-going - Audit &amp; Risk Manager</p>
<p><b>Continuous Audits and the Use of Data Analytics</b> Employ data analytic tools for the purpose of preventing and detecting fraud.</p> <ul style="list-style-type: none"> <li>• Expand the use of IDEA and the programme of continuous auditing.</li> <li>• Increased sharing and matching of internal and/or cross boundary data to develop local counter fraud exercises.</li> </ul>	<p>On-going - Audit &amp; Risk Manager On-going - Audit &amp; Risk Manager</p>
<p><b>Audit Work</b> Internal Audit assists management in determining whether effective internal controls are in place to manage the risk of fraud.</p> <ul style="list-style-type: none"> <li>• Results of the Fraud and Corruption risk assessment to inform the work of Internal Audit, including systems audit work, proactive fraud and corruption checks (compliance) and fraud awareness activities.</li> <li>• More probing and directed audits to be conducted in key areas of fraud risk.</li> <li>• Fraud Audits to consider management controls over fraud.</li> <li>• Consider fraud as part of every audit.</li> <li>• Issue annual audit opinion on the internal controls related to fraud.</li> </ul>	<p>On-going - Audit &amp; Risk Manager</p> <p>On-going - Audit &amp; Risk Manager On-going - Audit &amp; Risk Manager On-going - Audit &amp; Risk Manager June 2023 - Audit &amp; Risk Manager</p>

Required Actions	Owner and Target Date
<p>Awareness Campaigns</p> <p>Employee and Member training and awareness sessions and campaigns to provide information relating to what constitutes fraud and the means to report suspected fraud.</p> <ul style="list-style-type: none"> <li>• Continue to develop use of Social Media to promote fraud awareness.</li> <li>• Undertake specific fraud awareness training for priority service areas.</li> <li>• Use of briefings, to publish awareness campaigns, particularly during national fraud awareness weeks.</li> </ul>	<p>On-going - Audit &amp; Risk Manager                      On-going - Audit &amp; Risk Manager                      On-going - Audit &amp; Risk Manager</p>
<p>Publication of Fraud Information</p> <p>Create transparency through the annual publication of public fraud data.</p> <ul style="list-style-type: none"> <li>• In line with requirements of the Local Government Transparency Code 2015 the following should be reported on an annual basis:                             <ul style="list-style-type: none"> <li>• Number of occasions the authority has used powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.</li> <li>• Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.</li> <li>• Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists</li> <li>• Total amount spent by the authority on the investigation and prosecution of fraud.</li> <li>• Total number of fraud cases investigated.</li> </ul> </li> </ul>	<p>On-going - Audit &amp; Risk Manager</p>

## Key Contacts

### Internal Audit

Stockton on Tees Borough Council

16 Church Road (Room 135)

Stockton on Tees

TS18 1TX

01642 526176

[internalaudit@darlington.gov.uk](mailto:internalaudit@darlington.gov.uk)

#### Role:

Investigate employee fraud.

Investigate fraud in schools.

Collate statistics.

Maintain the Anti-Fraud & Corruption Strategy.

### Revenue Services

Town Hall

Feethams

Darlington

County Durham

DL1 5QT

0800 854 440

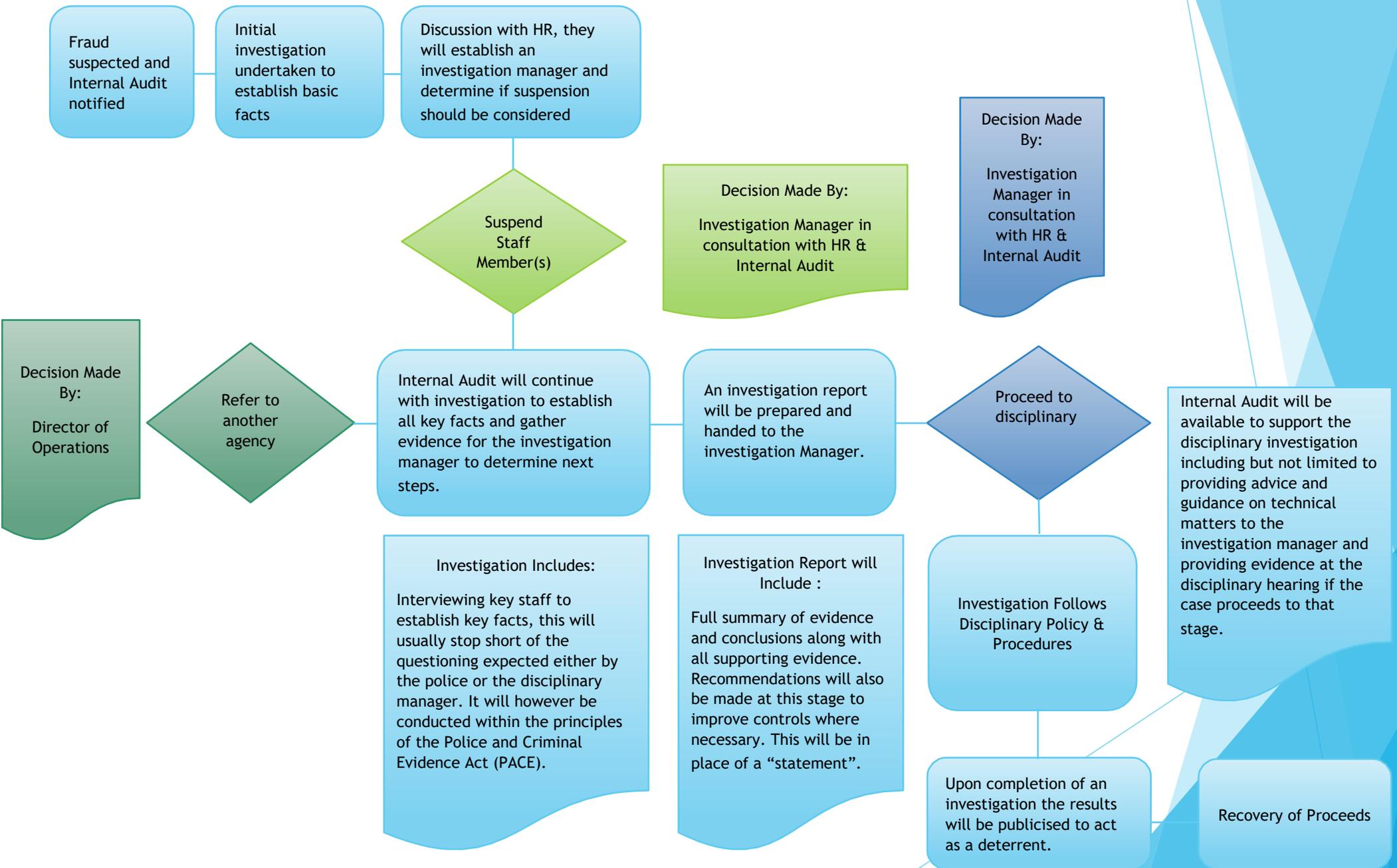
[HBEnquiries@darlington.gov.uk](mailto:HBEnquiries@darlington.gov.uk)

#### Role:

Investigate Council Tax Support Fraud.

Liaise with Department for Work and Pensions.

# Appendix A - Fraud Response Flowchart (Employee Fraud)



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**AUDIT COMMITTEE  
28 September 2022**

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**AUDIT SERVICES – ACTIVITY REPORT**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To provide Members with a progress report of activity and proposed activity for the next period.

**Summary**

2. The report outlines progress to date on audit assignment work, consultancy/contingency activity.

**Recommendation**

3. It is recommended that the activity and results be noted and that the planned work is agreed.

**Reasons**

4. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

**Andrew Barber  
Audit & Risk Manager**

**Background Papers**

- (i) Internal Audit Charter
- (ii) Departmental Audit Reports

Andrew Barber: Extension 156176

S17 Crime and Disorder	Other than any special investigation work there is no crime and disorder impact.
Health and Well Being	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	This 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.
Council Plan	Maintaining an appropriate oversight of risk & controls will help contribute to the delivery of the Council Plan Objectives
Efficiency	There is no specific efficiency impact.

## MAIN REPORT

### Information and Analysis

5. Members will be aware of a change in approach from traditional audit assignments to individual control testing and reporting. This requires a different approach in terms of reporting on activity and this will be developed further in the coming months. Additionally there is a move away from annual audit planning to quarterly planning to enable the service to respond more effectively to the changing risk environment.
6. The report should be considered in the context of fulfilling the function to monitor the adequacy and effectiveness of the Council’s internal control environment and the Internal Audit service provided.
7. Appendix 1 provides members with detailed feedback on the performance of the service and the position in relation to completion of audit work.
8. The first section of the report is to provide members with feedback on the management of the risks on the corporate risk register. I have not provided this breakdown in this report due to the changes in the risks recorded on the strategic risk register and the requirement to realign controls with this new register. It is expected this work will be completed in the next quarter.
9. The next section breaks down audit results against a set of key governance processes. As with the previous section where no assurance level is given testing is yet to be

undertaken. No area is scoring below 70% which is the benchmark for substantial assurance.

10. The next section looks at service area and provides feedback on the work undertaken in the previous quarter and a summary of the work planned to be undertaken. The majority of testing undertaken has been classified as Green. Six controls have been marked as Red, they all relate to a specific issue, completion of the mandatory information governance training. There are still a number of areas that have not achieved their target.
11. The penultimate section is progress against our balanced scorecard. The key measures in this section are adequate resources and portfolio coverage. In terms of adequate resources we aim to have 15 days capacity spare to deal with any issues that may arise, for the next quarter there is a deficit on available resources, this is as a result of the service carrying a vacancy at present. Portfolio coverage identifies the number of controls that should be tested in the period, we were on target for the previous period.
12. The final section of the report is a full list of controls to be examined in the next period in priority order.
13. Staffing, we are currently carrying a vacancy. We will not be filling the post immediately and will be taking the opportunity to review how the section is structured before undertaking a recruitment exercise.

#### **Outcome of Consultation**

14. There was no formal consultation undertaken in production of this report.

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Theme	Assurance	Audit Findings (By Impact)					
			VL	L	M	H	VH
1. Accuracy of Decision Making	79%	R	0	0	0	0	0
		A	0	1	1	2	1
		G	1	20	21	11	4
2. Monitoring of Decisions	88%	R	0	0	0	0	0
		A	0	2	1	1	0
		G	0	7	10	1	1
3. Information Governance	81%	R	0	0	1	0	0
		A	0	2	1	0	0
		G	1	15	18	4	2
4. Finance	98%	R	0	0	0	0	0
		A	0	1	1	0	0
		G	1	4	12	5	3
5. HR - Payments	100%	R	0	0	0	0	0
		A	0	0	1	0	0
		G	0	2	0	1	0
6. HR - Health & Safety	100%	R	0	0	0	0	0
		A	0	0	1	1	0
		G	0	1	3	0	0
7. HR - Management	98%	R	0	1	0	0	0
		A	0	0	0	0	0
		G	1	8	1	0	2
8. Recruitment	100%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	0	2	1	0	0
9. HR - Training/Qualifications/Clearances	85%	R	0	0	10	0	0
		A	0	0	3	0	0
		G	0	8	9	3	0
10. Accuracy of Payments	88%	R	0	1	0	0	0
		A	0	2	0	0	0
		G	3	10	3	1	1
11. Income - Charging	78%	R	0	0	0	0	0
		A	0	1	0	0	0
		G	0	4	0	2	0
12. Income - Payments	93%	R	0	0	0	0	0
		A	0	1	0	0	0
		G	0	6	2	1	0
13. Cash Handling	100%	R	0	0	0	0	0
		A	0	1	0	0	0
		G	0	1	0	0	0
14. Procurement/Sourcing	100%	R	0	0	0	0	0
		A	0	0	3	0	0
		G	0	9	3	2	1
15. Physical Assets/Locations	90%	R	0	0	0	0	0
		A	0	2	2	0	0
		G	0	8	10	4	1
16. Fraud	100%	R	0	0	0	0	0
		A	0	4	0	0	0
		G	0	8	0	0	0
17. Business Continuity	90%	R	0	0	0	0	0
		A	0	2	1	0	0
		G	0	1	6	6	0
18. Procedures	100%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	0	6	5	3	1
19. Performance Management	93%	R	0	0	0	0	0
		A	0	2	0	0	0
		G	0	3	9	5	3
20. ICT Infrastructure	91%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	1	4	6	3	2
21. Handling of Requests/Incident Response	100%	R	0	0	0	0	0
		A	0	0	1	0	0
		G	2	4	3	2	0

### Detailed Analysis of Output and Planning by Service

This section of the report will present detail of work undertaken and work planned by Service area.

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	Results				Planned Work		
	July 2022	to	August 2022		September 2022	to	November 2022
	Number	R	A	G	No	Time	Monitoring
Finance	0	0	0	0	0	0	0
HR	0	0	0	0	0	0	0
Health & Safety	0	0	0	0	0	0	0
Strategy, Performance & Communications	2	0	0	2	2	1	0.2
Children's Services	5	1	1	3	8	7.25	2.3
Adults	6	1	0	5	10	13.75	1.8
Education	2	1	0	1	7	8.5	0.9
Public Health	2	0	0	2	4	4.5	0.1
Legal	0	0	0	0	0	0	0
Democratic Services & Registrars	0	0	0	0	0	0	0
Information Governance	0	0	0	0	0	0	0
Xentrall	7	0	0	7	18	31.25	3.7
Housing & Building Services	0	0	0	0	0	0	0
Community Services	6	1	0	5	30	23.5	1.8
Economic Growth	3	1	0	2	10	7.75	0.7
Transport & Capital Projects	2	1	0	1	10	7	0.3
<b>Totals</b>	<b>35</b>	<b>6</b>	<b>1</b>	<b>28</b>	<b>99</b>	<b>104.5</b>	<b>11.8</b>

Quality, Assurance & Improvement Process

Period	July 2022	to	August 2022
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Stewardship (Coverage)			Stakeholders		
Measure	Target	Performance	Measure	Target	Performance
Adequate Resources	15	-33.2	Reports Issued	Qtrly	*
Portfolio Coverage	56	58	Fraud Strategy Review	31/03/2021	*
Presentation of Annual Report (Annual)	June	*	Client Satisfaction	TBC	*
Presentation of Activity Report	Qtrly	*	Recommendation Implementation	TBC	*

Process			People		
Measure	Target	Performance	Measure	Target	Performance
Self assessment against standards (Annual)	March	*	Productivity	75%	64.4%
External Assessment (Every 5 Years)	31/03/2023	*	Training (Per Financial Year)	20	11.0
Staff Meetings Held	4	7	Code of Conduct (Annual)	100%	*
Up to Date Audit Manual	31/03/2021	*	Appraisals (Annual)	100%	*

\* - to be reported as part of the annual report.

## Full Plan

ID	Control	Frequency
105	Update and report the strategic corporate risk register.	3
182	Where the Authority has Deputyship/Appointeeship, appropriate authorisation/legal documentation is in place	3
380	The Supporting Families programme is managed effectively.	3
661	Youth Employment Initiative financial claims are submitted in an accurate and timely manner.	3
33	Education, Health & Care Plans are completed appropriately and in a timely fashion	6
35	Section 17 payments made in respect of children are appropriately managed.	6
36	Children's cases are reviewed to ensure the type of placement remains suitable with family reunification considered.	6
42	Sufficient school places are available to meet demand.	6
44	Children's Assessment procedures are comprehensive and up to date	6
49	Children's cases are appropriately supervised with regular discussion and appropriate recording.	6
54	Systems are updated with the relevant referral information	6
55	Accurate and timely assessment of children's referrals is undertaken.	6
78	Focussed financial support to commercial ventures	6
88	An approved Council Plan is in place which sets out the priorities of the council.	6
112	Process council tax support claims	6
113	Process housing benefit claims	6
120	Costs and demand for Passenger Transport services are monitored to ensure the best use of resources is applied.	6
165	Adult Services have a service strategy in place and delivery is being monitored.	6
172	An up to date strategic plan is in place for the Safeguarding Adults Board.	6
174	Adult Social Care cases are allocated appropriately considering caseloads and qualification requirements.	6
176	An appropriate ICT system(s) is in place to manage and safeguard adult social care information held.	6
179	Appropriate service provision has been sourced to meet an Adult Social Care users individual needs, in accordance with Contract Procedure Rules.	6
250	There is a system of performance management in place for adult social care.	6
465	Public health research and local needs assessment.	6
476	Accurate and up to date MTFP projections for future years	6
478	An appropriate ICT system(s) is in place to manage and safeguard children's social care/education information held.	6
535	Children have been matched with appropriate adopters	6
573	Where there is a shortfall in specialist housing facilities managed by the authority to meet demand, external provision is effectively sourced.	6
577	The correct charges are raised for Housing Rents.	6
716	Bridges quality and compliance systems are operating effectively	6
740	Staff within Transport and Capital projects have completed mandatory information governance training.	6
744	Staff within Education services have completed mandatory information governance training.	6
745	Staff within Economic Growth have completed mandatory information governance training.	6
746	Staff within Resources have completed mandatory information governance training.	6
748	Staff within Housing and Revenue services have completed mandatory information governance training.	6
749	Staff within Law & Governance have completed mandatory information governance training.	6
795	Staff within Community Services have completed mandatory information governance training.	6
22	Adequate and effective after school, day care and residential short breaks provision is available for children with a care plan.	12
23	Assessment and appointment of suitable in-house foster carers.	12
24	Appropriate arrangements are in place to assess the suitability of adopters.	12

26	Attainment in schools is appropriately monitored.	12
28	In-House carers receive appropriate training.	12
32	Education, Health & Care Plans are appropriately monitored	12
45	Staff assessing children's cases have the relevant qualifications and clearances.	12
46	Business continuity arrangements are in place to continue to deal with referrals.	12
48	Hard-copy Children's case files are appropriately managed and safeguarded.	12
64	Clear acquisition, disposal and revaluation process for land and buildings.	12
68	Clear budget process and timetable is in place which could be followed by team members as and when required.	12
72	Treasury Management Strategy and its implementation in relation to investments meets the Prudential Code and Treasury Management Code of Practice.	12
76	Ensure accurate monitoring of capital programme and schemes	12
79	Maintain formula and support for funding schools and high needs.	12
81	Operate clear arrangements for billing and collection of council tax and business rates	12
86	Undertake forward planning and projections of external factors in respect of income and expenditure and feed into MTFP.	12
96	Prepare annual governance statement	12
97	Prepare statement of accounts	12
104	Update and report RAG tools to assist in risk management in all adults, public health and children's contracts.	12
114	Vehicles used in the provision of Community (SBC) and Passenger (DBC) Transport services are suitable and meet requirements for servicing and road worthiness	12
119	Client risk assessments are undertaken and appropriate arrangements in place for the provision of Passenger Transport (social care and education) service usage.	12
131	Planning and provision of school meals promotes healthy, nutritious eating in compliance with the School Food Standards.	12
132	Free school meals are provided to eligible pupils.	12
146	Bridge Inspections are undertaken in accordance with an appropriate specified programme.	12
163	Business continuity arrangements are in place in order to continue to receive adult referrals and undertake assessments.	12
168	Referral and Assessment Procedures (Adults) are comprehensive and up to date.	12
169	Appropriate financial monitoring is in place in respect of the Better Care Fund.	12
171	Non-financial targets as set out in the Better Care Fund plan are being met.	12
173	Monitoring of care provider service delivery supports safeguarding activities and outcomes.	12
175	Adult Social Care referrals and assessments are processed in an accurate and timely manner, with decision making and actions fully documented.	12
178	Staff working in settings for adults are suitably qualified and receive appropriate training.	12
181	Appropriate monitoring of residential placements is in place to ensure it continues to meet the needs of the individual.	12
184	Accurate charges for contributions to care costs are made to service users.	12
214	Procurement by Legal Services is in line with contract procedure rules and value for money principles.	12
218	Posts requiring a DBS check are identified and requirements are in line with legislation.	12
228	Venues for events are appropriate.	12
249	Timely and accurate financial assessments are undertaken for service users wishing to take up a service.	12
251	Sufficient health & safety measures/risk assessments are in place/undertaken at individual adults establishments.	12
252	Arrangements are in place to ensure Day Services, Residential and Supported Living service provision continues if there was a loss of staff or premises.	12
255	All care packages are receiving appropriate approval, and include all relevant information.	12
256	Formal signed agreements in place between LA/CCG in accordance with relevant guidance	12
257	Appropriate arrangements are in place to continue managing clients finances in the event of disruption.	12
260	Food & Hygiene premises rating system is updated regularly and published.	12
270	Building control decisions are appropriately authorised and made in line with Building Regulations.	12

272	Breaches of planning control are investigated and enforcement action initiated as necessary.	12
283	Disposals of ICT equipment are undertaken in an appropriate manner in line with an adequate and appropriate official disposal policy.	12
285	Progress towards the ICT strategy goals is monitored and reported on.	12
289	Appropriate disaster recovery plans and procedures are in place to support recovery from a partial or total loss of significant ICT systems/servers.	12
290	Where applicable, appropriate internal disaster recovery arrangements (including backup, replication and snapshot facilities) are in place to cover significant ICT system/servers.	12
295	Appropriate formal documented ICT project management standards/policies have been established.	12
296	Appropriate formal agreements are in place with any external parties involved in the management and operation of the networks.	12
299	Adequate controls are in place to ensure data in the cloud is adequately protected.	12
302	Anti-virus controls are in place for relevant elements of the ICT infrastructure including servers and individual machines.	12
303	An appropriate infrastructure is in place to facilitate the organisation's firewalls.	12
304	Appropriate periodic IT Health checks (or other equivalent exercises) are undertaken in order to identify and categorise significant security issues/vulnerabilities. Work is then undertaken to remediate these issues/vulnerabilities where appropriate.	12
309	Adequate and appropriate change controls are in place.	12
313	The Resourcelink payroll system calculates all payments correctly.	12
329	The authority complies with HMRC CIS scheme.	12
348	DBS check renewals are undertaken for Adults and Health staff	12
355	Up to date and accessible procedures available to support the management of children's case files.	12
359	Training, support and development is in place for foster carers/special guardians.	12
361	Training, support and development is in place for adoptive parents and families.	12
363	The adoption process is adequately documented to ensure a suitable, safe placement is found within an adequate time period in the absence of key personnel.	12
365	Management and oversight of youth offending cases improve outcomes for young people involved in criminal justice system or at risk of becoming involved.	12
367	The Council has a strategy in place to deliver public health services to the community.	12
371	Information held about children, young people and their families is appropriate/up to date and sharing is in line with GDPR and IARs.	12
378	Pupil premium funding is used effectively.	12
392	Compliance with Department for Transport (DfT) funding terms and conditions for grant payments received.	12
396	Accurate and timely returns are provided to support New Homes Bonus.	12
397	Economic Growth Strategy and Economic Growth Plan is monitored and milestones achieved.	12
399	Support is provided to new and existing businesses.	12
405	Effective management of grants received to support jobs and growth.	12
408	Monitor re-offending rates and target resources towards young people at risk of re-offending.	12
464	Effective commissioning and procurement of public health services and programmes.	12
466	Delivery of the Health and Wellbeing Strategy.	12
470	Compliance with the Health and Social Care Information Centre (HSCIC) Information Governance Toolkit (now called NHS data security and protection toolkit)	12
471	Achievement of completion rate targets for mandatory on-line information governance training.	12
479	Up to date and accessible procedures available to support the management of Adult Social Care users files.	12
484	Suitability of approved in-house foster carers is monitored.	12
499	Continued eligibility for a free school meal is monitored and appeals are handled appropriately.	12
523	Where financial assistance has been provided to businesses these are being monitored for compliance.	12
536	Breakdowns in placements are handled effectively.	12
662	Sufficient performance monitoring is in place to ensure the aims and objectives of the Youth Employment Initiative programme are being successfully achieved.	12

741	Staff within Public Health have completed mandatory information governance training.	12
742	Staff within Children's Services have completed mandatory information governance training.	12
743	Staff within Adults Service have completed mandatory information governance training.	12
747	Staff within Strategy, performance and communications have completed mandatory information governance training.	12
794	Food & Hygiene premises rating system programme of inspections is effectively managed.	12
812	Staff within Commissioning, performance and transformation have completed mandatory information governance training.	12
819	Compliance with Department for Transport (DfT) incentive funding terms and conditions for grant payments received.	12
20	A child in care's story is documented.	18
21	A robust training and support regime is in place for new teachers.	18
25	Arrangements are in place to manage the breakdown of a placement	18
29	Hard copy information held in Children's Residential Homes is appropriately safeguarded.	18
34	Health & safety of children's placements is monitored	18
38	Plans are in place to manage the loss of a school and provide continuity of education.	18
39	School governors receive an appropriate level of support and training	18
40	School places have been allocated in accordance with admissions policies.	18
53	Procedures for managing referrals (Children's) and undertaking initial assessments are comprehensive and up to date.	18
56	Agreements for early years provision are in place and being complied with and monitoring visits are being undertaken.	18
59	Allocation of school budgets in line with funding formula.	18
67	School investment plan in place to ensure appropriate number and quality of places available.	18
69	Clear contract procedure rules.	18
74	Delivery of tender management plan	18
75	Ensure accurate in-year financial monitoring	18
77	Financial appraisal completed as part of business case/options appraisal	18
89	Development of an appropriate risk assessed H&S audit programme.	18
91	Delivery of an effective Internal Audit Service in compliance with Accounts & Audit Regulations.	18
93	Requests for information are handled in line with requirements of the Freedom of Information Act.	18
107	Ensure specifications are clear and include all requirements for safe care	18
109	Crisis and emergency/settlement support	18
115	Appropriate risk assessments are undertaken within the Passenger Transport service, and measures are in place to ensure the health and safety of Council employees.	18
116	Council employed drivers and passenger assistants hold the necessary clearances, licences, qualifications and training.	18
117	Contractors & sub-contractors involved in the provision of passenger transport hold the necessary clearances, licences, qualifications and insurance.	18
130	Catering and cleaning staff have been subject to appropriate disclosure checks.	18
134	Arrangements are in place for inspection and maintenance of security and surveillance equipment.	18
135	Civic enforcement decisions are consistent, fair, proportionate and necessary; in line with legislation.	18
138	Community engagement and communication to highlight and reduce environmental crime.	18
139	Ensure the health and safety of enforcement officers.	18
141	Sensitive personal information in relation to Telecare (SBC) and Lifeline (DBC) clients is managed in line with GDPR requirements.	18
142	Lifeline (DBC) and OneCall (SBC) staff hold appropriate qualifications and DBS clearances, and receive regular training.	18
147	Highway inspections are undertaken in accordance with an appropriate specified programme.	18

148	Street Lighting inspections and associated electrical testing are undertaken in accordance with an appropriate specified programme and relevant legislation/guidance.	18
150	Car Parking Strategy in place which is up to date and considers resident, disabled and general parking requirements.	18
151	Road closures are undertaken following appropriate consultation and required notifications are completed within relevant timescales.	18
152	The authority is committed to reducing it's carbon footprint and supporting residents and businesses to reduce theirs.	18
153	The highways network resilience to extreme events such as weather has been fully established and plans are in place to manage this.	18
157	The authority has an adequate, appropriate and up to date Homeless Reduction and Prevention Strategy in place.	18
158	Disabled Facilities Grants/Helping Hands recipients meet grant eligibility criteria, payments and contributions are correct.	18
159	HMO properties are licensed.	18
162	The authority has an adequate, appropriate and up-to-date Local Plan in place.	18
177	Adult Social Care staff are aware of Health & Safety requirements and have received appropriate H & S training.	18
183	Where legal charges have been placed on a service user's property, appropriate deferred payment/legal documentation is in place	18
188	A current Carers Strategy is in place.	18
189	Professionals are appropriately trained and qualified to undertake BIA/DoLS assessments.	18
190	Professionals employed to undertake DOLS assessments are procured and employed via correct processes.	18
193	Payments made to providers of employee benefit schemes are accurate.	18
194	Corporate initiatives are in place to help prevent sickness absence.	18
195	Procurement of contracts in place for provision of employee therapy is undertaken in line with contract procedure rules and appropriate monitoring undertaken.	18
200	The Council maintains an accurate and up to date land charges register.	18
206	Communication activities are aligned with corporate priorities and are delivered consistently and effectively.	18
216	Land charge related searches are completed effectively and within a reasonable timescale.	18
220	Appropriate checks have been undertaken prior to placing someone on the Employee Protection Register.	18
221	Information security and sharing protocols in relation to occupational health and employee therapy provision is in line with data protection legislation.	18
227	Arts Council funding is used appropriately and conditions complied with.	18
234	Library stock is adequately recorded, managed and its condition is 'fit for purpose'.	18
235	Adequate emergency response plans are in place for events and venues.	18
236	Arts and museum assets are adequately safeguarded and insured.	18
245	Maintain an accurate and up to date electoral register, which conforms to Electoral Commission requirements.	18
261	Adequate performance information is maintained and is appropriately utilised within the Highways Department.	18
263	Appropriate measures are in place to identify, record and investigate significant flooding incidents.	18
264	The authority has an adequate, appropriate and up to date Highway Infrastructure Asset Management Strategy (HIAMS) in place.	18
265	Street works are licensed, inspected and where applicable, appropriate charges are issued and collected for overruns/fines.	18
271	Residential delegated planning applications are considered and determined in line with the local development plan, national planning framework, gives consideration to the provision of green spaces and is dealt with within the appropriate timescale.	18
274	Section 106 agreements utilised effectively and obligations are complied with.	18
279	High level Active Directory administration privileges/credentials are only assigned to appropriate individuals.	18
284	An appropriate current documented and approved ICT strategy is in place.	18
286	ICT equipment located in computer facilities is adequately and appropriately protected from significant environmental threats.	18
292	Use of email facilities by users is adequately controlled.	18
297	Network infrastructure/equipment is appropriately managed and protected.	18

298	Adequate and appropriate arrangements are in place in respect of business continuity and disaster recovery for the network infrastructure (including backup arrangements and arrangements to ensure network resilience).	18
300	Appropriate security/usage policies for users are in place to provide important guidance to users of the ICT facilities.	18
301	Users of ICT facilities are appropriately controlled.	18
306	Adequate and appropriate patching of host and guest operating systems is undertaken.	18
307	Appropriate access controls are in place to secure the virtualised environment.	18
308	An appropriate inventory of all significant ICT equipment is maintained. Including servers, PCs, laptops, tablets, etc.	18
310	HMRC reporting requirements are being complied with.	18
311	Information on payslips meets statutory requirements and is correct.	18
318	Standing data and payroll related financial information is updated in a timely manner and recorded accurately within Business World On!	18
320	Information held in systems relating to HR are accurate and up to date.	18
325	Invoice certification procedures should confirm that: goods and services have been received; prices have been checked; discounts have been taken and the invoice has not been paid before.	18
326	All invoices/requisitions are expenditure coded.	18
330	Invoices give details of what the debts relate to, the goods and services provided and dates of provision, and are coded to the correct service.	18
332	Arrears recovery procedures are clearly defined and implemented in all cases. Reminder and recovery action periods are suitable for the types of debtor involved. Like debtors are treated equally.	18
334	A master record of periodical income records the amount and due dates of all sums which become due under the terms of leases, rents, licences, and wayleaves etc., amendments may be made to the master record by nominated officers only (on standard forms controlled by the Finance department) and certified by authorised officers.	18
338	Pension deductions are taken each month from employee's pay at the appropriate rate.	18
341	The total contributions collected from both the employee and the employer are paid to the relevant pension fund in full.	18
346	The authority exercises powers to ensure safe, high quality standards in the private housing sector.	18
349	Safeguarding and child protection policies are in place, schools have an appointed designated safeguarding lead and arrangements are in place for appropriate training of staff.	18
351	Monitoring of Children's safeguarding partnership arrangements ensure effective multi agency working.	18
356	Address patterns of absence and promote regular attendance at school.	18
358	Pathway plans support care leavers in managing the transition from school to higher education, training or employment.	18
364	Effective recruitment and retention of foster carers meets demand for places, including ongoing campaigns promoting the role.	18
368	Ensure the delivery of advice, support and refuge accommodation for victims of domestic abuse.	18
370	Commercial delegated planning applications are considered and determined in line with the local development plan, national planning framework, gives consideration to the provision of green spaces and is dealt with in accordance of the appropriate timescale.	18
381	Prioritised support and provision to tackle fuel poverty and deliver the Affordable Warmth Strategy.	18
382	Monitor delivery of community partnership objectives and key priorities.	18
383	Strategic plans and framework are in place to tackle poverty.	18
390	Commitment to road safety and reducing road casualties.	18
393	Appropriate and timely response to a homelessness Duty to Refer request.	18
402	Tackling town centre property vacancies	18
403	Promotion of the borough and town centres as a great place to invest, trade and visit.	18
412	An accurate and complete register of licences issued is maintained.	18
413	Licence applications are subject to appropriate review and approval, evidence of background and eligibility.	18
415	A programme of trading standards inspections and sample tests has been identified using a risk assessment process.	18
416	Trading standards investigations are recorded accurately either as a result of a programmed inspection or in response to a complaint and the results circulated as necessary including general guidance as necessary.	18
423	Appropriate and up to date emergency plans are in place to guide a coordinated response to a major incident	18

428	Provide effective short-term support to individuals following a discharge from hospital or to prevent hospital admission.	18
449	Cemeteries and memorials are well maintained and health and safety risks managed.	18
450	Crematorium inspection and monitoring to reduce the impact of emissions.	18
455	Inspection and maintenance of Council owned play facilities and skate parks.	18
457	There is a register of land owned and a sustainable grounds maintenance/landscaping programme in place.	18
467	A Gypsy Traveller Accommodation Assessment (GTAA) is undertaken to identify pitch requirements.	18
472	A central record of Information Asset Registers is maintained and checked for completeness.	18
473	There is a corporate arrangement in place for the secure destruction of paper records.	18
474	Appropriate email encryption is in place for sharing sensitive information.	18
477	Information asset registers are in place for each service and are being complied with.	18
485	In-house foster carer details are accurately recorded and updated.	18
486	Information relating to adopters is accurately recorded and up to date.	18
487	Adopter suitability appeals are appropriately managed.	18
488	School admissions appeals are appropriately managed.	18
491	There is a system of performance management in place to establish the effectiveness of HR policies, procedures and initiatives.	18
494	Leisure provision requirements are understood and effectively sourced.	18
503	The programme of trading standards inspections and sample testing is being monitored for completion.	18
510	Monitoring is undertaken to ensure compliance with planning decisions and appeals are handled appropriately.	18
511	Inspections of building work are undertaken to ensure compliance.	18
513	Building control decisions are accurately recorded.	18
526	Changes in circumstances for council tax support and housing benefit claimants are processed appropriately.	18
527	Records relating to Council Tax Support and Housing Benefits are accurate and up to date.	18
531	Exclusions/Pupils at risk of exclusion are reviewed and action taken to address issues.	18
532	Pathway plans are monitored	18
533	Pathway plans are accurate and up to date on the system	18
534	Any payments agreed as part of the Pathway Plan have been paid correctly.	18
537	Accurate and up to date information is recorded for adoption cases.	18
538	Monitoring of Adult's safeguarding partnership arrangements ensure effective multi agency working.	18
539	Monitoring is undertaken of care packages for continued suitability.	18
548	Payments made for discretionary housing payments are accurate.	18
552	Plans are in place to continue to deliver housing/council tax support during an emergency.	18
557	The community engagement and heritage crime grant funding received is appropriately dealt with.	18
559	COVID related business grants have been appropriately managed with eligibility confirmed.	18
570	Income Recompense Scheme is appropriately reported and claimed.	18
576	Regular bank reconciliations are undertaken and are up to date with minimal amounts in suspense.	18
663	Effective sourcing of child placements.	18
676	COVID Testing in Schools & Colleges	18
751	Robust authorisation processes are in place for the payment of creditors.	18
796	Staff are aware of the confidential reporting/whistleblowing policy and nominated officers have received appropriate training.	18
797	Records and confidentiality in relation to confidential/whistleblowing reports are maintained.	18
798	Investigations into confidential/whistleblowing reports are appropriate, acknowledged within timescales, and in line with Public Interest Disclosure Act.	18
811	Staff within Darlington Partnership have completed mandatory information governance training.	18
30	Cash in Children's Services is appropriately safeguarded and reconciled.	24
58	Cash in children's centres is appropriately safeguarded	24

60	Headcount is being undertaken accurately and steps taken to verify figures for early years contracts.	24
62	Payments made to early years providers are accurate	24
63	Annual maintenance plans are in place for all Council owned operating premises.	24
66	Debt Management of commercial properties is effective.	24
70	Clear fraud prevention and detection arrangements	24
73	Delivery of contract management plans.	24
83	Operate Stockton Collections arrangements and bad debt arrangements in compliance with relevant legislation.	24
87	Co-ordinate complaints process.	24
90	Deliver health & safety training programme and provide advice and guidance materials.	24
92	Implement the counter fraud strategy	24
94	Prepare and submit accurate financial returns by deadlines - RA/RO/Capital	24
103	Undertake health & safety investigations	24
118	Transport provision is in line with client eligibility criteria.	24
121	Procurement of transport routes, goods and services ensures compliance with value for money principles and contract procedure rules.	24
122	Secure and effective arrangements for the collection, recording and recovery of income in respect of Community (SBC) and Passenger Transport (DBC)	24
123	Payments made to Community (SBC) and Passenger (DBC) transport staff are appropriate, accurate and authorised.	24
124	Strategies are in place to monitor and manage the demand for school meals in the short, medium and long term.	24
125	Charges for internal and external catering and cleaning provision are raised accurately and promptly, and income due has been received.	24
126	Assets and equipment owned by the catering and cleaning service are effectively maintained.	24
127	Protect the health and safety of catering and cleaning staff, service users and the public.	24
128	Operational procedures are in place and available to catering and cleaning staff.	24
129	Payments for cleaning supplies are accurate and in accordance with the contract.	24
133	Charges for internal and external security and surveillance services are raised accurately and promptly, and all income due has been received.	24
137	Accurate charging and effective income management in relation to civic enforcement activity.	24
140	Invoices and recharges in relation to Lifeline (DBC) and OneCall (SBC) services are raised promptly and accurately and income due is received.	24
144	Appropriate measures are in place within the vehicle workshop environment to ensure the health and safety of council employees and the public.	24
145	Public Rights of Way Improvement Plan (RoWIP) is in place and progress against this monitored.	24
154	Appropriate controls and systems are in place to administer parking permits/waivers and the Blue Badge scheme.	24
155	The authority has undertaken appropriate consultation and produced an adequate, appropriate and up to date Local Transport Plan.	24
160	The authority has an adequate, appropriate and up to date Empty Homes Strategy in place.	24
166	Staff involved in adult referrals and assessments appropriately qualified and have appropriate clearances.	24
180	Adequate security measures are in place at each Day Service, Residential and Supported Living establishment to protect clients, guests and residents property and other assets.	24
186	The range of physical disability & sensory impairment equipment available is sufficient to meet service user need	24
191	Environmental Health cases are appropriately allocated to officers.	24
192	Environmental Health income is managed appropriately and all income due to the service is collected.	24
197	External communication and engagement contracts are procured in line with contract procedure rules, accounting instructions and value for money principles.	24
203	Website and Intranet content is relevant and up to date.	24
204	Effective internal communication and engagement with employees is achieved.	24
205	There is an appropriate documented HR, Legal and Communications business continuity plan in place that will enable service delivery in the event of short, medium and long term disruption.	24
207	The Council maintains positive and effective media relations.	24

210	Accurate and up to date records are maintained for all legal services provided.	24
212	Accurate and timely fee recovery for internal and external legal services provided.	24
215	Accurate charging is made in accordance with approved scale of land charges and fees.	24
219	Information stored on the employee protection register is accurate, up to date and used appropriately.	24
222	Appropriate employee benefit schemes are in place.	24
223	Effective procurement/commissioning of training and development providers ensures value for money and compliance with contract procedure rules.	24
224	Managers and staff are aware of their responsibilities in relation to personal development and training.	24
226	Successful delivery of a varied arts and events programme.	24
229	Ticket sales and admission charges for events are recorded and income received in full.	24
230	Procurement of events performers and suppliers is in line with contract procedure rules.	24
231	Payments to events performers and suppliers and performance are effectively managed	24
232	Learning and Skills Tutors are suitably qualified, trained and DBS checked.	24
233	Library income is securely held and effectively managed.	24
238	Learning and Skills course fees are set appropriately and income taken is held securely and adequately accounted for.	24
239	Staff and premises are available to enable delivery of adult education courses and qualifications by Learning & Skills to be maintained, in the event of unforeseen circumstances.	24
240	The range and quality of Learning & Skills provision meets local and national requirements.	24
241	Adult Learners and Apprentices details are accurate, up to date and safeguarded.	24
242	Members induction and training sufficiently meets requirements.	24
243	Sufficient and trained staff are available to support Elections held.	24
244	Maintain an up to date and accurate register of officers and Members business interests.	24
246	Maintain accurate and up to date gifts and hospitality register.	24
247	Officers and Members and aware of appropriate conduct in relation to gifts and hospitality.	24
248	Council meeting agendas and supporting documentation are available to support decision making.	24
258	Environmental Health officers have the appropriate qualifications and undertake the required training.	24
259	Records relating to environmental health cases are appropriately recorded and managed.	24
266	Appropriate controls and systems are in place to ensure all car parking income is accounted for in the authority's accounts.	24
267	PCN/FPN appeals are correctly and fairly processed.	24
278	Financial assistance provided to businesses is subject to appropriate appraisal and approval.	24
280	Generic/built in Active Directory accounts are appropriately controlled.	24
281	The Active Directory domain structure is appropriate and supports good practice.	24
282	An appropriate staffing structure is in place for ICT.	24
287	An adequate and appropriate software asset and license register/inventory is maintained.	24
288	Sufficient appropriate policing/auditing of software installation/use and licensing compliance is undertaken.	24
293	Remote access to facilities is adequately controlled.	24
305	Significant changes to the virtualised infrastructure are adequately managed. Allocation of resources in the virtualised environment is adequately and appropriately controlled.	24
312	The organisation's establishment is authorised by the managing body.	24
314	All overtime payments are supported by appropriate paperwork and details are promptly and accurately entered onto the system	24
315	All variable payments other than overtime (control covered elsewhere) are supported by appropriate paperwork and details are promptly and accurately entered onto the system.	24
316	All fixed salary payments comply with policies and are supported by appropriate paperwork and details are promptly and accurately entered into the system.	24
317	All deductions other than pension deduction (control covered elsewhere) are supported by appropriate paperwork and details are promptly and accurately entered onto the system.	24
319	Standard payroll exception reports are produced for subsequent investigation and clearance.	24

321	Staff fit notes and self-certification forms covering the entire period of sickness absence are promptly received, accurately recorded and stored appropriately.	24
324	Creditors procedure manuals are held and all staff are aware of these manuals.	24
328	Secure procedures operate for immediate payments.	24
333	Standing orders/financial regulations require the reasons for all sundry debtor write-offs exceeding £x to be reported to committee. Write-offs below this amount may be authorised by a nominated officer when all recovery procedures have been unsuccessful.	24
335	A record is kept of all accounts which are not dispatched at the time the accounts are raised. This record indicates why this action was taken, and where appropriate, records the agreement of the budget holder.	24
336	Regular reconciliation exercises are performed between the debtors (accounts receivable) balances and the main accounting (general ledger) system records.	24
337	Amendments and credits can only occur with the authorisation of the responsible officer for the cost centre whose account was originally credited in error.	24
339	The employer makes the correct % contribution payment to the relevant pension fund on behalf of each employee within that scheme.	24
340	Early retirement is only granted to an employee in accordance with Council policies and that associated calculations made based on this are accurate.	24
342	There are clearly defined guidelines and procedures for the recruitment process.	24
343	The appointment process is fair, robust and managed effectively.	24
344	All new employees have been appropriately vetted before being employed.	24
345	All newly appointed employees are subject to an appropriate induction.	24
347	Specialist housing facilities managed by the authority meet demand, provide good quality accommodation and comply with the needs of vulnerable residents.	24
350	Procedures ensure that staff are aware of the process for making a referral to children's social care.	24
353	Suitability of emergency unsupported placements.	24
354	Information published by maintained schools is in compliance with regulations.	24
357	Effective oversight of education provided to children in the home/hospital or other setting outside school.	24
360	Payments to carers are accurate, appropriate and timely.	24
362	Financial support provided to adoptive families is paid accurately and timely.	24
366	Implementation of action plans that promote access to targeted resources, increase access to education, training and employment.	24
374	Effective management of payments and expenses associated with child contact visits.	24
375	Continuity of care workers for children and their families is a priority.	24
377	Effective resource management in schools to provide value for money and maximise outcomes for pupils.	24
379	Corporate privacy notices in place.	24
384	Delivery of Stockton Business Improvement District partnership objectives and key priorities.	24
385	Effective administration and management of community centres.	24
386	Effective administration and management of children's centres.	24
387	Effective community engagement and consultation.	24
389	Delivery of an effective careers advice and guidance service.	24
398	Local economic assessment provides an economic baseline to inform decision making.	24
400	Effective administration and management of business premises and specialist start-up business space.	24
404	Promotion of apprenticeship opportunities.	24
406	Appropriate allocation of town centre market pitches.	24
407	Monitor trends in crime and anti-social behaviour and respond to emerging issues.	24
409	Effective management and delivery of CCTV strategy.	24
411	An appropriate licence fee is established.	24
417	Compliance with licence conditions is monitored and appropriate sanctions taken when necessary.	24
420	Response to requests for removal of needles and syringes within set timescales	24

430	Effective performance management systems are in place to monitor levels of take up of leisure and culture activities with remedial action taken as necessary.	24
431	Provide a broad selection of accessible leisure and outdoor activities, representing value for money to the public.	24
432	On-site concessions are managed and procured appropriately.	24
434	Safeguarding of assets and equipment used in the delivery of arts and events.	24
435	Kerbside collection routes provide an efficient and complete service.	24
438	Waste and recycling targets are achieved.	24
439	Effective management of trade waste contracts and collection of income.	24
440	Effective procurement of waste and recycling contracts.	24
441	Contingency plans are in place for the collection and disposal of waste.	24
443	Registration of births, deaths, marriages and civil partnerships is in line with statutory timescales.	24
444	Demand for burial space is monitored and plans are in place to meet current and future requirements.	24
445	Statutory records in relation to registrations and burials are accurate and complete.	24
446	Compliance with General Register Officer (GRO) statistical reporting requirements.	24
448	Crematorium operational controls are effective and comply with Cremation Regulations.	24
451	Maintain a schedule of cremator inspection and maintenance.	24
452	Parks and green spaces are identified, mapped and promoted.	24
454	Health and safety standards are maintained within our parks and green spaces.	24
456	Management of allotment sites, waiting lists and rental income.	24
459	Staff utilising grounds maintenance equipment are appropriately trained and qualified.	24
460	Security and crime prevention measures are in place in relation to parks and green spaces.	24
461	Provision of green spaces is a consideration for new housing developments, regeneration schemes etc.	24
463	National Fraud Initiative (NFI) matches in relation to COVID related business grants are promptly reviewed and investigations undertaken as necessary.	24
469	Monitoring and evaluation of social media content.	24
475	Records relating to housing and housing related developments are accurate, up to date and appropriately safeguarded.	24
480	Employee hard copy files are adequately safeguarded.	24
481	Up to date HR policies and procedures.	24
482	Effective working relationships with staff forums and other employee groups such as unions.	24
483	Payments made to external providers of day care, after school and residential short breaks for young people with complex and additional needs are accurate and timely.	24
489	School admissions records are accurate and up-to-date.	24
490	There is a process in place for managing appeals and monitoring continued placement on the employee protection register.	24
492	Payments made to external training providers are accurate.	24
495	Income/payments relating to on-site concessions are accurate.	24
496	Charges for security and surveillance have been set appropriately.	24
497	Civic enforcement actions are appropriately and accurately recorded.	24
498	Appeals against civic enforcement actions are managed appropriately.	24
500	Information held about pupils in receipt of a free school meal is accurate and update and managed appropriately.	24
501	Payments for catering supplies are accurate and in accordance with the contract.	24
502	Payments to Community (SBC) and Passenger (DBC) Transport providers are accurate.	24
504	Payments are made to waste contractors accurately.	24
505	Allocation of Markets pitches is monitored and feedback sought.	24
506	Details about market traders are accurate and up to date.	24
509	Systems are in place to report/identify potential planning breaches.	24
512	There is an appropriate system in place to manage building control appeals.	24

515	Fees for building control applications have been set appropriately.	24
516	The correct fee is received for planning applications/requests.	24
517	Fees for planning applications received have been set correctly.	24
518	Payment of disabled facilities/helping hand grants are accurate.	24
519	The outcome of the disabled facility/helping hand grant application has been appropriately recorded.	24
520	Monitoring of disabled facility/helping hand grant work is appropriate.	24
521	The disabled facilities/helping hand grant budget is appropriately monitored.	24
522	Financial assistance to businesses decisions are accurately recorded.	24
525	H&S audit work is recorded appropriately	24
528	Decisions to award discounts for Council Tax or Rate Relief for NNDR are appropriate	24
529	Council Tax/NNDR information is accurate and up to date.	24
530	Discounts/Rate Relief is monitored for continued eligibility and there is an appropriate appeals process in place.	24
540	Monitor and review use of personal budgets.	24
541	The decisions to allow a personal budget are appropriate.	24
542	Financial assessments are reviewed and updated for changes in circumstances.	24
544	Payment of personal budgets is accurate and timely.	24
545	There is an effective appeals process for transport eligibility decisions.	24
546	Community (SBC) & Passenger (DBC) Transport information is up to date and accurate.	24
547	The correct fee is received for licenses.	24
549	Feedback on cases of identified fraud are acted upon appropriately.	24
550	Council Tax support/housing benefit overpayments are managed effectively.	24
551	Discretionary housing payments are made in accordance with the scheme.	24
553	Adequate procedures exist to deliver Council Tax/Benefits/Business Rate services.	24
554	Decisions to write-off outstanding council tax and NNDR debts are appropriate and have been appropriately approved.	24
555	Decisions to write-off outstanding housing debts is appropriate and all steps taken to recover the amount.	24
556	Sundry debts are only written-off when all steps have been taken to recover the amounts and are appropriately authorised.	24
571	An economic growth strategy has been prepared and approved and includes a plan for achievement of its objectives.	24
572	The decision to provide additional support to adoptive families is appropriate.	24
574	Effective management of external payments and expenses associated with independent DoLS assessors.	24
575	There is an effective financial process in place which ensures that all refunds, exchanges, and account credits are accounted for and appropriately authorised at the Hippodrome.	24
578	Results of the National Fraud (NFI) Exercise, identifying instances where VAT may have been overpaid, are reviewed and outcomes recorded.	24
579	Local Authority Compliance and Enforcement Grant	24
580	The emergency active travel grant funding received is appropriately dealt with.	24
582	All newly appointed employees have completed an appropriate probation.	24
659	The procurement of Catering Supplies is in line with Contract Procedure Rules.	24
660	The procurement of Building Cleaning supplies is in line with Contract Procedure Rules.	24
680	National Fraud Initiative (NFI) matches in relation to Blue Badge permits are promptly reviewed and investigations undertaken as necessary.	24
681	National Fraud Initiative (NFI) matches in relation to Concessionary Travel passes are promptly reviewed and investigations undertaken as necessary.	24
682	National Fraud Initiative (NFI) matches in relation to resident parking permits are promptly reviewed and investigations undertaken as necessary.	24
683	National Fraud Initiative (NFI) matches in relation to trade creditors are promptly reviewed and investigations undertaken as necessary.	24

684	National Fraud Initiative (NFI) matches in relation to Council Tax Reduction Scheme are promptly reviewed and investigations undertaken as necessary.	24
685	National Fraud Initiative (NFI) matches in relation to Housing Benefits Claimants are promptly reviewed and investigations undertaken as necessary.	24
686	National Fraud Initiative (NFI) matches in relation to Housing tenants, waiting lists and RTB are promptly reviewed and investigations undertaken as necessary.	24
687	National Fraud Initiative (NFI) matches in relation to Council Tax Single Person Discount are promptly reviewed and investigations undertaken as necessary.	24
688	National Fraud Initiative (NFI) matches in relation to procurement are promptly reviewed and investigations undertaken as necessary.	24
689	National Fraud Initiative (NFI) matches in relation to payroll are promptly reviewed and investigations undertaken as necessary.	24
738	Ticket sales and admission charges for museums are recorded and income received in full.	24
750	Regular reconciliation exercises are performed between the creditors (accounts payable) balances and the main accounting (general ledger) system records.	24
752	The purpose and scope of CCTV coverage in the admin buildings has been appropriately documented and a Privacy Impact Assessment undertaken.	24
753	The purpose and scope of CCTV coverage at the depot has been appropriately documented and a Privacy Impact Assessment undertaken.	24
754	The purpose and scope of CCTV coverage of playgrounds has been appropriately documented and a Privacy Impact Assessment undertaken.	24
755	The purpose and scope of CCTV coverage used by street scene/refuse has been appropriately documented and a Privacy Impact Assessment undertaken.	24
756	The purpose and scope of body worn CCTV has been appropriately documented and a Privacy Impact Assessment undertaken.	24
757	The purpose and scope of CCTV coverage in the town centres has been appropriately documented and a Privacy Impact Assessment undertaken.	24
758	The purpose and scope of CCTV coverage in the hippodrome has been appropriately documented and a Privacy Impact Assessment undertaken.	24
759	The purpose and scope of CCTV coverage in the Dolphin Centre has been appropriately documented and a Privacy Impact Assessment undertaken.	24
760	The purpose and scope of CCTV coverage at the museum has been appropriately documented and a Privacy Impact Assessment undertaken.	24
799	Confidential reporting/whistleblowing Policy is regularly reviewed and up to date	24
80	Operate clear and robust insurance claim management and processing uninsured loss recovery.	48
100	Six monthly performance report to CMT	48
110	Early help and support provided by welfare support service	48
196	Payments made to external employee therapy providers are accurate.	48
208	Communication and marketing budgets are effectively monitored and controlled.	48
209	Staffing requirements and associated costs are understood and effectively managed in relation to communication and media related activities.	48
211	Payments made by legal services to external providers or claimants are accurate and timely.	48
237	Payments to external leisure providers are effectively managed.	48
253	Finance and assets located at stand alone facilities for adults are adequately managed.	48
276	Landlord Accreditation Scheme membership is subject to an effective review and renewal process.	48
277	The Travellers Site is secure and maintained effectively.	48
291	An appropriate infrastructure is in place to facilitate Internet usage for the organisation.	48
322	Approved absence has been granted in-line with policy and promptly recorded and correctly authorised.	48
410	Delivery of Safer Stockton Partnership objectives and key priorities.	48
419	Prompt removal of graffiti from public land and street furniture.	48
425	Provision of a confidential animal collection and rehoming service.	48
426	Prompt and effective response to reports of stray or abandoned animals.	48
427	Receipt of appropriate fees prior to release of lost animals to their owner.	48

436	Facilities are in place for the public to report litter, fly-tipping or missed kerb side collections.	48
447	Registrars and bereavement services income is received and recorded.	48
493	Payments to external communication and engagement providers are accurate and timely.	48
507	Permits/Waivers and Blue Badges are monitored for continued eligibility and an appeal process is in place.	48
508	Information relating to car parking permits/waivers and Blue Badges is appropriately stored and kept up to date.	48
514	An appropriate fee has been received for building control applications.	48
565	Staff within Finance, Development & Regeneration have completed mandatory information governance training.	48
690	Children's services effectively engage with the tender management delivery plan.	48
692	Adults and Health effectively engage with the tender management delivery plan.	48
704	Adults and Health effectively engage with the contract management delivery plan.	48
739	Treasury Management Strategy and its implementation in relation to borrowing meets the Prudential Code and Treasury Management Code of Practice.	48
800	Local Transport Authority Bus Recovery Grant funding received is appropriately dealt with.	48

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