

**AUDIT COMMITTEE  
18 NOVEMBER 2020**

ITEM NO. ....

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**ANNUAL GOVERNANCE STATEMENT**

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**Purpose of Report**

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

**Information and Analysis**

2. The Accounts and Audit Regulations 2015 require local authorities to prepare, approve and publish, each year, an Annual Governance Statement (AGS). These regulations also determine the timetable for approval and publication. As a result of the Coronavirus pandemic the Regulations were amended requiring local authorities to sign off their draft accounts and publish their draft AGS by 31 August, instead of 31 May. The date for final publication of the accounts and AGS was also extended to 30 November, from 31 July.
3. The Annual Governance Statement must be signed by the Leader of the Council and the Managing Director and is a key corporate document involving a variety of people charged with delivering governance such as the Assistant Director Resources i.e. the financial officer responsible for the accounting control systems and records and the preparation of the Statement of Accounts and the Assistant Director Law and Governance as Monitoring Officer in meeting his statutory responsibilities.
4. The Annual Governance Statement for 2019/20 is attached at **Appendix 1**. It outlines the Council's responsibilities, explains the purpose of the governance framework, sets out the key elements, details the review of its effectiveness, highlights any significant governance issues and includes a commitment by the Leader of the Council and the Managing Director to ensure the continuous improvement of the system in place.

**Recommendation**

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

**Reasons**

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

**Paul Wildsmith  
Managing Director**

## Background Papers

- (i) CIPFA/SOLACE Publication(s) – ‘Delivering Good Governance in Local Government – Framework and Guidance Note, 2016 Editions’.
- (ii) CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- (iii) CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.
- (iv) Briefing from the CIPFA Better Governance Forum – 7 April 2020 - The Annual Governance Statement for 2019/20 Matters to consider as a result of the coronavirus pandemic
- (v) Audit Services’ Annual Report 2019/20 reported to Audit Committee September 2020.
- (vi) Annual Audit Letter reported to Audit Committee December 2017 and Cabinet January 2018.
- (vii) Report on Annual Review of System of Internal Audit reported to Audit Committee July 2018.
- (viii) Overview Report on Managers Assurance Statements reported to Audit Committee September 2020.
- (ix) Risk Management Reports to Audit Committee September 2020.
- (x) Corporate Health and Safety Report 19/20 to Economy and Resources Scrutiny Committee.
- (xi) Darlington Borough Council ICT Strategy 2017.
- (xii) ICT Strategy Progress Reports to Audit Committee November 2019.
- (xiii) Information Governance Programme Progress Reports to Audit Committee November 2019.
- (xiv) Anti-Fraud and Corruption Arrangements Reports to Audit Committee April 2019.
- (xv) Audit of Accounts Report to Audit Committee July 2019.
- (xvi) Revenue Budget Monitoring Reports to Cabinet July 2019, November 2019 and February 2020.
- (xvii) Project Position Statement and Capital Programme Monitoring Reports to Cabinet July 2019, November 2019 and February 2020.
- (xviii) Performance Management Framework Reports to Scrutiny Committees.
- (xix) Prudential Indicators and Treasury Management Reports to Audit Committee January 2019 and to Council February 2019.

- (xx) Annual Review of Significant Partnerships Report to Audit Committee September 2020.
- (xxi) Xentrall Shared Services Annual Report to Cabinet July 2020.
- (xxii) Ethical Governance and Member Standards Report to Audit Committee November 2019.
- (xxiii) Equality Policy And Objective 2018-22 Report to Cabinet March 2018.
- (xxiv) Darlington Borough Local Plan 2016-36: Housing Targets and Local Plan Timetable Reports to Cabinet and Council January 2018.
- (xxv) Borough of Darlington Proposed Submission Local Plan 2016 – 2036: Proposed Submission Local Plan and Local Plan Timetable Reports to Cabinet and Council February 2020.
- (xxvi) Draft Council Plan 2020-2023 Report to Cabinet January 2020.
- (xxvii) Investment Opportunities - Update and Request to Increase the Fund report to Cabinet & Council November 2018.
- (xxviii) Better Care Fund Report to Adults and Housing Scrutiny Committee 17 December 2019.
- (xxix) Adult Social Care Transformation Programme Report to Adults and Housing Scrutiny Committee April 2018.
- (xxx) Special Educational Needs Strategy and Funding Report to Cabinet March 2019.

Lee Downey: Extension 5451

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	The work detailed under the headings External Regulatory Reviews, Children and Adults Transformation and Better Care Fund (BCF) impacts on Health and Well Being.
Carbon Impact and Climate Change	There are no specific recommendations contained within the attached reports concerning Carbon Reduction.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	The report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The Council's governance arrangements and achievements underpin deliver of the strategy.
Efficiency	The Council's governance arrangements directly impact on efficiency.

Impact on Looked After Children and Care Leavers	The work detailed under the heading External Regulatory Reviews and the Children's Transformation has a direct impact on Looked After Children.
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## ANNUAL GOVERNANCE STATEMENT 2019/20

### Scope of Responsibility

1. Darlington Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
3. The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government, the 2016 Edition. A copy of the Code is on our [website](#) at or can be obtained from:

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

4. This Statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 in relation to the publication of an AGS.

### The Purpose of the Governance Framework

5. The governance framework comprises the systems and processes and culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate leads the community. The governance framework is intended to help the Council plan and deliver sustainable economic, environmental and social outcomes while living within its resource limits and enable the Council to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate services and value for money.
6. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

7. The governance framework has been in place at the Council for the year ended 31 March 2020 and up to the date of approval of the Statement of Accounts.

### **The Governance Framework**

8. The key elements of the Council's governance framework are tabulated in Appendix A to this statement which also indicates their relevance to the following seven core principles that underpin good governance: -
  - (a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - (b) Ensuring openness and comprehensive stakeholder engagement.
  - (c) Defining outcomes in terms of sustainable economic, social and environmental benefits.
  - (d) Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - (e) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
  - (f) Managing risks and performance through robust internal control and strong public financial management.
  - (g) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.
9. Each key element, as detailed in the Council's Local Code, has a nominated lead officer, outlines the duty to which it relates and includes three discrete types of action:
  - (a) Awareness - making sure that everyone who needs to know about the element does know.
  - (b) Monitoring - ensuring that the duty is carried out.
  - (c) Review - actions to ensure that the element is reviewed in the light of effectiveness and emerging good practice.
10. The governance framework continually evolves to embrace new areas of service and the associated controls, and also to encompass regulatory reviews/recommendations and the Council's financial management arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The governance arrangements also conform to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public service organisations.

## Review of Effectiveness

### Background

11. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by an Assurance Framework, documented in Appendix B, that includes the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Report, and also comments made by the external auditors and other review agencies and inspectorates.
12. This Statement has been prepared by a management group that has responsibility for evaluating assurances and the supporting evidence. The group comprises the:
  - (a) Managing Director
  - (b) Assistant Director - Resources (S151 Officer)
  - (c) Assistant Director Law and Governance (Monitoring Officer)
  - (d) Head of Strategy, Performance and Communications
  - (e) Complaints and Information Governance Manager
13. The Audit Committee is responsible for the independent review and approval of the AGS following examination of the supporting evidence.
14. Assurance on adequacy and effectiveness is outlined under the following categories identified in the Council's Assurance Framework.

### External Regulatory Reviews

15. Darlington Children's services are judged as requires improvement to be good. Ofsted Inspectors carried out a focused visit on 27 and 28 February 2019 looking at the arrangements for children in need and those subject to a protection plan, including children receiving help and support from the disabled children service, Life Stages Team.
16. Children's Services are a trailblazer for the National Strengthening Families Programme. The decision to undertake this programme was taken as the model of work and cultures aligns well with the current strengths-based practice in supporting children and families, through improving skills in relational practice, supporting them to build relationships and resilience.
17. There is a learning culture approach to the continued improvement journey, through accessing peer support via the regional Sector Led Improvement and Partners in Practice, as well as using Leeds City Council through the Strengthening Families Programme work. Performance data is comprehensive and quality assurance processes are embedded. Our relentless focus on improving quality of practice continues throughout, with staff now demonstrating relational approaches to their work.
18. The journey to good is progressing at pace, enabling children to be safe and well cared for at home, wherever this is in their best interests. There is a stable and committed leadership team with strong political support, has been successful in establishing and maintaining a stable and motivated workforce. Corporate and political commitment to this work is strong, evidenced through additional resources at the front line of practice.

19. Children and families receive services at the earliest stage and at the right level to support their needs through our targeted and multi-agency Early Help offer. Young children develop well, are ready for education and where necessary are supported with targeted speech and language input. Children maintain progress within school and within their family as they are supported by effective programmes.
20. Children in need of help and protection are safeguarded through effective screening and assessment against threshold, which staff understand well, which ensures consistent decision making from social care managers.
21. Children who are in immediate and acute risk situations are responded to effectively. Children at risk of neglect receive support and services to reduce the risk and meet need in a timely manner, through use of various models, which continue to be embedded and provide consistency in assessing levels of neglect.
22. Children experience effective care planning through pathway plans that are driven by Independent Reviewing Officers (IROs). The child's voice is heard, as they actively listen to the child, and have oversight of the child's progress between review meetings. Plans progress with little delay through IROs challenging where appropriate.
23. Senior leaders recognise there is more to do to ensure that the help and support provided to all children in need of help and protection result in sustained improvements in their lives.
24. The Local Authority operates four children's residential provisions, all of which have been inspected by Ofsted since April 2019 and are judged to be Good.

### **Corporate Planning and Performance Management Framework**

25. The focus of the Council Plan is to provide a strategic vision for the council and in doing so identify the priority actions required to achieve the vision. Service plans are reviewed annually and are aligned with the Council Plan.
26. The Corporate Plan (now renamed to the Council Plan) was reviewed during 2019 and submitted to Cabinet in January 2020. It was approved by Cabinet and now needs to go to full Council for final approval before it can be implemented. Submission to Council has been delayed due to COVID-19 but it is expected to go to full Council in due course.
27. Performance measures for the new plan are in development and are likely to include a combination of qualitative and quantitative data. It is intended that these measures will form the basis of future performance reporting to the different scrutiny committees, but this remains subject to approval from the committee chairs.
28. A Performance Management Framework (PMF) is used to help measure delivery against the Council Plan and is based on a suite of performance indicators with targets and actions relevant to the locally determined outcomes.
29. During 2019/20 performance reporting primarily took place via clinics with the Managing Director and scrutiny groups. Moving into 2020/21 most services will report performance on a six-monthly basis to the Managing Director and scrutiny committees,



with an additional high-level report going to Cabinet in relation to performance against the Council Plan.

## **Transformation Programme**

### **Children's Transformation**

30. The Children's transformation programme 2019 is Strengthening Families, centred on relational practice with Children's services and partnership organisations working with children and their families to build resilience and ensure that where appropriate, children remain or are returned from local authority care to the family home with strong extended and supportive family members. The programme continues to work toward achieving savings as determined by the Strengthening Family Programme plan and the MTFP with improvements to service delivery. The programme is supported by a Strengthening Families Board in conjunction with Leeds City Council.

### **Adults Transformation**

31. Significant progress has been made in delivering the Adults programme. The majority of the projects, that were originally identified, are now complete, or nearing completion, and will become 'business as usual'. There continues to be a focus on taking forward developments that will support the sustainability of the operating model in order to respond to challenges and maximise the opportunities that face the sector. The adoption of strength-based approaches that prevent, reduce and delay the need for formal support continues to be at the centre of service delivery. This approach promotes the independence and quality of life of adults living in our communities.
32. The Adults programme has been centred on the delivery of four strategic themes, which have now become embedded within the operating model: managing demand, maximising independence, self-directed support and a cost effective and sustainable market.

### **Education Transformation**

33. A specific transformation programme for education services is now fully established. The programme seeks to develop high standard educational opportunities for all and ensure the needs of vulnerable pupils are met. A key element of the programme is developing a modern approach to the local authority role in education by driving change through strategic influence, highly effective partnership arrangements and collaborative networks. A local area Special Educational Needs and Disability (SEND) strategy was approved by Darlington Borough Council Cabinet and the NHS Hartlepool and Stockton-on-Tees Clinical Commissioning Group (CCG) in 2019. A revised funding arrangement for SEND support in schools was approved by Darlington Cabinet in 2019 to deliver a more accountable and transparent model.
34. Delivery of all three internal programmes are monitored via a Transformation Board, with monthly meetings and monthly reporting on progress in terms of delivery and financial savings.
35. As part of Darlington's partnership arrangements, the Education Strategy Group supports and oversees the work of the Primary Headteachers Forum and the 11-19 Partnership. It provides overall strategic direction and approves any partnership work programmes. The membership involves headteachers and CEOs representing the

primary, secondary, further education (FE) and special school sectors. The Education Strategy Group met on a weekly basis throughout the COVID-19 pandemic.

### **Better Care Fund (BCF)**

36. The Better Care Fund (BCF) is a programme spanning both the NHS and Local Government which seeks to join-up health and care services, so that people can manage their own health and well being and live independently in their communities for as long as possible. The BCF is pooled under a Section 75 agreement under the National Health Service Act (2006).
37. The Darlington BCF Plan for 2019/20 was subject to a number of levels of scrutiny to ensure performance against the aims and objectives. These included regional and national scrutiny of quarterly submissions; assurance from the Darlington Integration Board with overall strategic ownership with the Health and Wellbeing Board (HWBB). Operationally, the BCF was overseen by a joint Pooled Budget Partnership Board comprised of the Council and Darlington Clinical Commissioning Group (CCG) and Discharge Management and Intermediate Care Delivery Groups, whose membership includes County Durham and Darlington Foundation Trust (CDDFT), Primary Care Network, Tees, Esk and Wear Valley NHS Trust (TEWV), Darlington CCG and the Council. A joint Commissioning Group has also been established to explore areas for closer alignment between the Council and Darlington CCG.
38. Each BCF Plan is required to meet four national conditions in order for the grant to be agreed. These were met during 2019/20, as detailed below:
  - (a) Jointly agreed plan between the Local Authority and CCG

The 2019/20 Plan was jointly considered and agreed by all colleagues with virtual agreement by the Chair and Vice Chair of HWBB in September 2019
  - (b) Level of social care spend in line with minimum CCG contribution

Minimum spend - £2,519,223; Planned spend - £2,547,140
  - (c) NHS commissioned out of hospital services (has the area committed to spend at equal or above the minimum allocation for NHS commissioned out of hospital services)

Minimum spend - £2,232,556; Planned spend - £5,021,325
  - (d) Implementation of the High Impact Change Model through managing transfers of care

A system wide self-assessment of the High Impact Change Model undertaken and agreed by all partners
39. In addition to the national conditions, there are four metrics against which performance is measured:

<b>Metric</b>	<b>Definition</b>	<b>2019/20</b>
<b>Non Elective Admissions</b>	Total number of specific acute (replaces General & Acute) non-elective spells per 100,000 population	2019/20 year end position shows activity of 13,535 vs plan of 13,603
<b>Residential Admissions</b>	Rate of permanent admissions to residential care per 100,000 population (65+)	2019/20 year end position shows performance rate of 697.5 vs a 19/20 target of 702.1 and therefore indicator has been achieved.
<b>Reablement</b>	Proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement / rehabilitation services	Q4 19/20 rate of 83.9% is a significant increase from Q4 18/19 which was 68.3%. This is against a BCF target of 84%
<b>Delayed Transfers of Care</b>	Average Number of People Delayed in a Transfer of Care per Day (daily delays)	Performance up to Feb-20 was below target. YTD delayed days to Feb-20 were 751 vs an annual target of 1,830. DToC reporting has since been suspended due to COVID-19.

40. The BCF Plan 20/21 continues to build on the foundations laid in subsequent years, with a focus on the areas of unplanned hospital admissions avoidance in 65+, a joint approach to discharge management, reablement and intermediate care services, improving health in care homes and building a robust community and universal services offer in support of managing demand into the future. The BCF delivery plan also integrates with the Better Health Programme “New Models of Care”.

### **Additional Improved BCF Grant**

41. An additional Improved BCF Grant (iBCF) was announced in the 2017 budget, providing an additional £2,192,117 in 2017/18, with a further £1,425,577 in 2018/19 and £707,667 in 2019/20. For 2020/21 iBCF grant is rolled up with winter pressures for a total of £4.4m. The grant is subject to conditions which, in summary, are that the grant may only be used for the purposes of meeting adult social care needs, reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready and ensuring that the local social care provider market is supported.

### **Health and Safety Policy**

42. The Health and Safety at Work Act 1974 (HASAWA) places a duty on employers to prepare a health and safety policy statement detailing the organisation’s health and safety arrangements and revise the policy if circumstances change.
43. The General Statement of Intent 2019 poster received its annual review. The Statement is signed by the Managing Director and Leader of the Council and Deputy Leader of the Council and Efficiency and Resources Portfolio and displayed in Council workplaces.
44. The Council has responded to the challenges presented by Coronavirus and has been committed to providing a COVID-19 secure work environment to ensure the health and wellbeing of our staff, service users and the public.

45. The Council has followed Government and Public Health guidance and developed and reviewed risk assessments and safe systems of work, consulting with employees and trade unions. Measures introduced to reduce and manage the risks associated with COVID-19 have included working from home where possible, limiting contact with people, social distancing, increased cleaning and hygiene arrangements and the use of personal protective equipment.

### **Equalities Policy**

46. Following extensive consultation, the updated Equalities Policy and objective (2018/22) was approved by Cabinet on 6 March 2018. The new objective is 'To remind all Members and staff of their duties under the Equality Act 2010, demonstrate how the Council has done this via training and engagement with services users and support organisations, and publicise the differences that this work has made'. The policy covers a four year period with a delivery plan being implemented during 2018/19. Following the election of a new administration in May 2019, responsibility for corporate equalities sits within the Stronger Communities portfolio.
47. A corporate trainer for equalities was appointed in September 2019, and a comprehensive training programme started at the end of 2019 aimed at all staff and Members. Hundreds of people have been trained, but the programme has been temporarily paused due to COVID-19. A review of how the training can be delivered remotely is taking place.

### **Darlington Borough Local Plan 2016-36**

48. The production of the Local Plan is currently paused due to COVID-19 which has prevented the Council being able to comply with the Local Plan Regulations 2012. Once the situation has changed the Plan will be placed on deposit for 6 weeks to allow representations. The Plan will then be submitted to the Government for Public Examination. A revised timetable for advancing the Local Plan (the Local Development Scheme) will be presented to Cabinet.
49. In January 2018 Council approved a housing need of 422 dwellings per annum for the period of the plan, 2016 to 2036, equating to 8,440 dwellings in total and a planned housing target of 492 dwellings per annum or a total of 9,840 dwellings over the Plan period which will ultimately inform the housing site allocations in the new Local Plan.
50. An up-to-date Plan is essential to meeting the development needs of the Borough and ensuring the Council can shape and are in control of development. The new Local Plan will cover the period 2016 to 2036. The revised timetable is that the Local Plan to be submitted for inspection in 2020 (with adoption likely in 2021).

### **Managers' Assurance Statements**

51. Annual Managers' Assurance Statements (MAS) are an integral part of the framework that supports production of the AGS.
52. The Statements cover key aspects of the internal control environment on which assurance is required and were completed by all Assistant Directors and endorsed by the appropriate Director. The output from the exercise was reported to the Audit Committee in September 2020.

53. The 2019/20 MAS demonstrate a thorough review has been undertaken and generally an overall positive position was identified. While there were no common improvement themes highlighted in the 2019/20 MAS a number of service specific issues were raised. These matters are to be progressed by Assistant Directors during 2020/21.

## **Financial Management**

54. The Council's Medium Term Financial Plan (MTFP) incorporates a four-year financial plan. The Council sets its annual revenue budget, capital programme and council tax and treasury management strategy within this wider planning framework. The MTFP, annual budgets and council tax are developed in consultation with partner organisations in all sectors, residents and employees and are approved by full Council.
55. The Council has continued to face significant financial challenges over the last decade following the economic downturn and reduction in grant funding but to date has been successful in responding to these challenges and has a four year balanced MTFP. However, the Council is very aware there are still pressures to be faced particularly in respect of a growing elderly population and pressures in the children's services sector and now of course the impact of the COVID-19 pandemic. This has again changed the financial outlook and whilst at the time of writing there are signs of recovery the longer term effects cannot be predicted with accuracy particularly in regard to the overall economy and impact on service demand.
56. The Government have committed to cover the cost of COVID-19 and to date have awarded £6.2m in grant funding. Whilst welcomed it falls short of the predicted financial impact particularly in regard to the loss of income in our leisure and culture facilities a Government lobbying will continue in this respect. Due to the Council's robust financial management over the years there are general fund reserves that can be used to cover any deficit in 2020/21, however if no further assistance is forthcoming a full review of the MTFP will take place to look at how any gap will be met.
57. The MTFP is continually monitored and reviewed by officers and Members and is revised at least annually when an updated rolling four-year plan is produced.
58. Responsibility for controlling and managing budgets is delegated to directors and devolved to service managers. Financial management is closely integrated with service management and a quarterly update is taken to Cabinet and Economy and Resources Scrutiny Committee to enable them to monitor and scrutinise financial performance and service delivery.
59. The Council must comply with external financial reporting requirements, including publishing an annual Statement of Accounts ('the Accounts') and reporting to Central Government and other funding providers. The Accounts, which are prepared in accordance with relevant legislation and codes of practice, are approved by the Council's Audit Committee and are independently audited.
60. The Council's cash-flow, borrowing to finance capital expenditure and investments are managed through the Treasury Management Strategy, approved by full Council, and in accordance with legislation and codes of practice. The strategy and associated policies and procedures were reviewed in 2020. The Council manages its investments to minimise risk of losses, ensure funds are available when needed and achieve interest income.

61. Governing Bodies have formal responsibility for financial management within schools. A Schools Financial Value Standard (SFVS) has been designed by the Department for Education (DfE) to assist schools in managing their finances and to give assurance that they have secure financial management in place. The Governing Bodies of each local authority maintained school are required to undertake a self- assessment annually against the SFVS and send a copy, signed by the Chair of Governors, to the Local Authority Finance Division. All returns for 2018/19 have been received and overall, they reflect a positive position. Any remedial actions considered necessary are detailed together with an appropriate implementation date. The SFVS returns are used by the Local Authority to inform their programme of financial assessment and audit.

## **Counter Fraud**

62. The Council's Anti-Fraud and Corruption Strategy reflects a zero tolerance approach and is based on a series of comprehensive and inter-related policies and procedures designed to deter, frustrate, or take effective action against any attempted fraudulent or corrupt acts.
63. The counter fraud arrangements are subject to annual review and the revised strategy was reported to the Audit Committee in June 2019. The review included self-assessments against the 'CIPFA Code of Practice on Managing the Risk of Fraud and Corruption' and the 'Local Government Counter Fraud and Corruption Strategy 2016-19' checklists; a summary of reported suspected frauds and whistle blowing cases; and an update on the National Fraud Initiative.
64. The review concluded that the Council's arrangements remain appropriate and fit for purpose when compared to national good practice guidance and that overall the number of reported frauds and whistle blowing cases remains low. However, the Council is not complacent and the position will be kept under review.

## **Risk Management**

65. Risk is one of the elements of information incorporated into the Council's service planning process. Risk management is, therefore an essential element in establishing policy, developing plans and enhancing operational management.
66. The risk management process involves identifying, analysing, managing and monitoring risks. The identification of risks is derived from a 'top down' (corporate) and a 'bottom up' (departmental) process of risk assessment and analysis resulting in coverage of the whole Council. The process prioritises the risks resulting in a focus upon the key risks and priorities. The risks are managed through the development of appropriate action plans, allocated to responsible officers.
67. The approach to, and the outcomes from, the Council's annual risk management processes for 2019/20 was reported to the Audit Committee in September 2020. The annual report highlighted a number of new risks, including some significant risks arising from the global pandemic and detailed generally positive progress upon delivery of action plans to mitigate key risks. The report also outlined advances in the management of operational risks.

## ICT

68. The Council's ICT Strategy focuses on three strategic priorities, namely ICT Governance and Service Development; ICT Strategic Architecture and Council Service Development and Transformation.
69. Implementation of the Strategy is led by the Chief Officers Board, chaired by the Council's Managing Director, and acting as the Systems and Information Governance Group (SIGG). SIGG is tasked to produce six-monthly reports on implementation progress to the Audit Committee.
70. The progress report to the Audit Committee in November 2019 documented positive progress across each of the three key programmes. This included reference to:
  - (a) Continued compliance to the Payment Card Industry Data Security Standards;
  - (b) Successful external audits by BSI to both ISO 27001:2013 Information Security Management System and ISO 9001:2015 Quality Management System standards;
  - (c) Achieving Full Assurance for all internal audits;
  - (d) Completing the detailed design for the new wide-area voice and data network, with roll-out to some buildings already underway;
  - (e) A successful migration of the Council's telephony system from traditional copper circuits to a more resilient, flexible and cost-effective fibre-based Internet system;
  - (f) An upgrade to the Council's Wi-Fi system in offices;
  - (g) Procurement of both telephony core management system upgrade and an upgraded video conferencing service;
  - (h) Continued developments relating to the migration and deployment of Microsoft 365 suite of systems; and
  - (i) Commencement of a programme to replace Windows 7 desktops across the Council.
71. As regards Council Service Development and Transformation, the Council's Systems and Information Strategy complements the ICT Strategy by ensuring that investment in service-based ICT systems is correctly targeted, whilst the ICT Strategy is concerned with corporate systems and underpinning ICT architecture. Development and delivery of the Systems and Information Strategy is by SIGG who approve the work programme requested of the ICT Service, thereby ensuring that this finite resource is correctly targeted to meet the objectives of the Council as a whole.
72. The later part of 2019/20 and the beginning of 2020/21 is turning out to be like no other and Xentrall ICT have had a very busy time since March hurriedly mobilising the Council whilst at the same time as protecting and mobilising our own services and staff and running all the vital day-to-day Xentrall-wide services the Council relies on, but often go unseen. We did this, while self-isolating and social distancing like everyone else.
73. Specifically, for Darlington ICT rapidly rolled out:
  - (a) 116 laptops;
  - (b) 40 PCs;
  - (c) 110 PC Wi-Fi dongles allowing PC users to work from home; and
  - (d) 50 laptops for Members.

74. Microsoft Teams has been promoted to the whole workforce to enable better collaborative and remote working and this has been very successful.
75. To support such a massive increase in mobilisation and remote working, intensive behind the scenes work on the network, firewall, antivirus and remote connectivity infrastructure has been undertaken allowing approximately 700 people to remotely connect each day.
76. Throughout this period, it was key to remain calm and level-headed to ensure the wrong decisions were not taken due to the urgency and associated pressures. A measured approach and the longer-term view prevailed ensuring the Council's systems and data have remained secure and safe.

### **Information Governance**

77. The Council has an Information Governance Work Programme shaped by a number of external information assurance requirements that represent good practice and have common objectives, namely compliance with information related legislation, approval to use essential external party systems and services and improvement in service delivery.
78. Implementation of the Programme is led by the Systems and Information Governance Group (SIGG) which is tasked to produce six-monthly reports on implementation progress to the Audit Committee.
79. The update report scheduled to be considered by Audit Committee in April 2020 (postponed due to COVID-19) noted the 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 and that the processes implemented by the Council include review mechanisms to ensure this takes place.
80. Ongoing work includes:
  - (a) A review of the Council's Information Asset Register (IAR) and Privacy Notices.
  - (b) Provision of advice to ensure the Council's CCTV is compliant with the General Data Protection Regulations/Data Protection Act 2018 and the Protection of Freedoms Act 2012.
  - (c) The provision of advice by the Data Protection Officer to Council services;
  - (d) Work to achieve our target for the completion of on-line mandatory information governance training courses.
81. The area of highest priority in the information governance programme is:
  - (a) Ongoing work to ensure the Council's CCTV is compliant with the General Data Protection Regulations/Data Protection Act 2018 and the Protection of Freedoms Act 2012.



## Capital Project Management

82. The Council has an established dedicated Capital Projects Team that operates to a consistent capital project management methodology. This methodology has been developed and is used across the Council on significant projects. Projects can be assigned to the Capital Projects Team for delivery or delivered under the principles and methodology.
83. The Asset Management and Capital Programme Review Board (AMCPRB) perform a strategic gate-keeping role on capital projects and considers their governance arrangements. The Board is chaired by the Managing Director with membership from chief officers with responsibility for capital projects, Council assets and those with specific technical, financial and legal expertise to add value to challenge and monitor the programme.
84. The Capital Projects Team has responsibility for the coordination of a Project Position Statement (PPS). The PPS provides a single source of key information relating to the Council's commitments on capital projects and programmes monitoring projects that deviate from agreed tolerances in relation to time, cost or quality to enable proactive management. The PPS is reported to the AMCPRB at every meeting and quarterly to Cabinet.
85. Further enhancement to the project management systems are underway and a proprietary system is being considered within Xentrall's ICT Work Programme. The system is currently being tested by the Capital Projects Team. Once the testing phase is complete a roll-out will be scheduled with a refresh of the methodology and training on use of the electronic system.

## Internal Audit

86. The Council's Internal Audit Division operates to the UK Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note.
87. The Annual Internal Audit Plan is risk-based and sets the foundation for an objective review of key controls and procedures operating within the Council. The Audit Committee approves the Annual Internal Audit Plan and receives progress reports against the Plan during the year, including any significant matters arising or other issues of concern, and Internal Audit's Annual Report.
88. Internal Audit concluded in their Annual Report for 2019/20, reported to the September 2020 Audit Committee, that overall the Council continues to operate within a control environment that is generally sound.
89. A Shared Internal Audit Service with Stockton Borough Council commenced on 1 April 2017, following the agreement of both Councils. The intention was to future proof the important functions that the service provides while enabling a saving to be achieved, not least in management costs. In particular, the arrangement will enhance the resilience of the service.
90. The Audit Charter and Audit Plan 2020/21 for the Internal Audit Shared Service were approved and its Quality Assurance and Improvement Process noted at the September 2020 Audit Committee, following the April 2020 Audit Committee being postponed as a result of COVID-19.

## **Annual Review of the Effectiveness of the System of Internal Audit**

91. A review of the effectiveness of the Council's system of internal audit was carried out by Middlesbrough Council Internal Audit Service as agreed by Audit Committee in March 2018. The findings of the review were considered by the Audit Committee in July 2018.
92. The review team concluded that the Council has an effective system of internal audit.

## **Xentrall-Shared Service Partnership**

93. Xentrall Shared Services, the Stockton and Darlington partnership, was established in May 2008 and is now in its twelfth year. The Xentrall services are:
  - (a) ICT (strategy and operations)
  - (b) Transactional HR (payroll, recruitment, sickness absence)
  - (c) Transactional Finance (creditors, debtors, banking, schools finance)
  - (d) Design & Print (professional buyer, in-house design and print)
94. The original business case identified a number of efficiencies and benefits to be delivered resulting in initial savings of £7.4m over the original ten-year period of the partnership. The successful partnership has delivered all these plus additional efficiencies and benefits and has now achieved £17.2m of savings. At the same time the quality and performance of services have improved, with both customer and staff satisfaction increasing over the life of the partnership.
95. This significant achievement for a public/public partnership and it compares very well to other private sector partnerships many of which have failed over the same period or been brought back in-house for a variety of reasons. Both Councils have benefited both financially and through a continued programme of service improvements brought throughout the lifetime of the partnership.
96. In recognition the on-going success of this public/public partnership, Members will recall that in 2015 they agreed to amend the original ten-year period into an on-going rolling agreement, which continues to this day.

## **Partnership Working**

97. In March 2007, Cabinet adopted a partnership working toolkit to provide a means to ensure that the Council's resources were effectively employed, the performance of each partnership was monitored and adequate governance arrangements were in place. As part of the toolkit, a clear definition of a partnership and those classed as significant was documented and this included whether the arrangement was a major contributor towards achieving the Community Strategy objectives. The toolkit that comprises a questionnaire is completed by the Council Lead Officer for each partnership.
98. There are annual reviews of significant partnerships led by the Darlington Partnership Director based upon completed questionnaires. The outcomes from the latest review were reported to the Audit Committee in September 2020.
99. The report summarised the range of partnership working undertaken by the Council and generally, an overall positive position on outcomes and governance arrangements was

depicted.

100. Partnership Lead Officers recognise and accept that ensuring governance arrangements remain relevant is an ongoing process. For example, Terms of Reference are reviewed periodically to ensure that they remain fit for purpose and risk registers are regularly updated to reflect emerging risks and changes in circumstances.
101. The toolkit has been effective in identifying high level concerns of the significant partnerships. Reduction in funding and the consequent effect on capacity are the predominant issues raised by Lead Officers that have potential implications for the effective operation of the partnerships. Each partnership which has indicated this as an issue is monitoring closely.
102. The Chief Officer Executive along with Cabinet have been considering the future of Darlington Partnership which has not met since December 2019.

### **Joint Ventures**

103. The Council is investor and shareholder of a joint venture company delivering a small housing development on a pilot basis at Eastbourne, Darlington, following approval by Cabinet on 8 November 2016 and formally procured its joint venture partner on a framework basis to secure upcoming developments as they arise as an OJEU procurement process concluded in September 2017.
104. Cabinet has since approved extending the scope of its joint venture working with further joint venture companies of which the Council is joint investor approved by Cabinet (on the dates shown) at Stag House Farm (April 2018), Heighington (June 2018) and Middleton St George (January 2019).
105. Five joint venture projects are now under contract, the final sales of the first development are being concluded with a positive outcome with the other projects under development and the Stag House Farm development having the benefit of external funding in outline of £2.79m to support required housing infrastructure.
106. The risks and governance safeguards in place with respect to joint venture working include internal and company audits, restriction on banking facilities, monthly progress reports and quarterly board meetings. Further details are contained in the Assurance Framework at **Appendix B** of this report.

### **Member Standards**

107. In 2019/20 there were 10 complaints received against Members, eight of which related to the Local Plan. A total of five complaints were received in 2018/19.
108. This is considered a relatively low number given the number of Members we have, and the range and volume of matters that Members are involved with.
109. The Independent Person continues to be involved at the assessment stage of complaints handling and the process of liaison between her and the Monitoring Officer in considering the initial assessment of complaints is working well.
110. The Audit Committee has responsibility for ethical values as part of its remit. This includes reviewing Ethical Health Indicators across a range of activities in order to

identify any peaks in activity that could indicate areas of possible concern. An update report about member standards issues and also ethical indicators were presented to the Audit Committee in November 2019. An update was planned for April 2020, but the meeting was postponed due to COVID-19. The report highlighted the 25<sup>th</sup> anniversary of the establishment of the Committee on Standards in Public Life (CSPL) and the [Nolan Principles](#) of which the CSPL is an advocate. No particular issues of concern arose from variations in the indicators.

111. Since the May 2019 local government elections, a number of training sessions about the Code of Conduct have been held for members of the Borough Council and also for members of Parish Councils and Parish Clerks.
112. As a result of the May elections the Council's website has been updated with details of the register of interest forms for both Borough Council and Parish Council Members.
113. The Monitoring Officer continues to provide advice to Members on interests on an ongoing basis and Members do self-identify their concerns. The Monitoring Officer also raises issues with individual Members ahead of meetings as required. Compliance with the advice given by the Monitoring Officer is good.

### **Economy and Resources Scrutiny Committee**

114. Scrutiny forms an important part of the Council's governance arrangements by providing independent examination of executive roles. The Economy and Resources Scrutiny Committee has responsibilities for examining the Council's arrangements for financial planning, performance and service delivery, project and asset management and procurement and contracts. The Committee develops and implements an annual work programme to manage its continuing oversight role and undertake specific pieces of work.
115. During 2019/20 the Committee was involved in scrutinising the annual review of the MTFP and held a number of special meetings to consider the proposals made, both for its own areas of responsibility and also responses and detailed work from all other scrutiny committees, from which it made recommendations to Cabinet in February 2020 to inform their deliberations. Economy and Resources Scrutiny will continue to lead on monitoring and scrutinising the budget and MTFP and assist with the implementation and development of the required savings.

### **Brexit**

116. Brexit remains on the Corporate Risk Register. During 2019/20 significant planning work had taken place with partners across the Local Resilience Forum, and also across the wider North-East, in preparation for any potential impacts. Whilst this work has been put on hold during the pandemic, it will resume in the near future as we move closer to our exit from the European Union.

### **Public Health (COVID-19)**

117. The pandemic emerged in the later part of 2019/20 with an escalating response through March with the widespread restrictions, known as 'lockdown' implemented on 23 March by the Government.

118. The Council has been making decisions day by day in order to balance the need to maintain essential services and the need to support those who need our help the most, while at the same time following public health guidance for the protection of the public and staff against infection from Coronavirus (COVID-19).
119. Through new and existing legislation, the Council has been directed to undertake a local leadership role and implement key programmes in response to the ongoing outbreak of COVID -19. This included changing the ways of working for staff, supporting and applying public health measures, supporting vulnerable individuals and communities and supporting local businesses. These programmes were all implemented in line with the range of, new and existing legislation, national policy frameworks and government guidelines.

## **Business Continuity**

120. The Council's Business Continuity Management System ensures that the Council can manage the response to a business interruption. Examples of this include the loss of buildings, loss of IT function, loss of utilities, loss of communication and loss of staff. Through a process of Business Impact Analysis a series of Business Continuity Plans are maintained to ensure the Council's essential services are prepared for a business interruption.
121. The Business Continuity Management System is now embedded into the Council. Business Continuity Plans are monitored as part of the Local Code of Corporate Governance and are a regular agenda item at Chief Officers Board (COB) Meetings. Individual Business Continuity Plans are regularly updated to take into account business changes and the response to actual business interruptions and are available to view on the Council's intranet. A regime of testing was underway in which all plans were to be tested to improve their effectiveness when the global pandemic hit.
122. On 25 June 2020 the Civil Contingencies Unit (CCU) facilitated a debrief for COB to reflect on the response of the Council to the challenges posed by COVID-19. It was highlighted that the Business Continuity Plans were important for preparing and responding to COVID-19. COB was satisfied with their effectiveness, enabling the Council to continue to deliver key services while targeting its resources at meeting the needs of those most vulnerable to COVID-19.

## **Home working**

123. The Council already had an established agile working policy with a significant number of staff working on laptop and mobile devices. As detailed in paragraph 74 the Council quickly rolled out additional laptops, PC's and dongle devices allowing them to be taken home and linked to the Council's network. The authority has always worked on an outcome/output basis and productivity is not measure on where the employee is based but on what they deliver. In fact in some areas productivity increased with reduced travel time to and from work and to and from meetings. Regular supervisor and team meetings were held to ensure work kept on track and to support employee wellbeing. The rapid rollout of Microsoft Teams made this task far easier and given the success, home working will certainly be more prolific in our conversations on our estate moving forward. There was also a significant amount of support for employees in regard to their wellbeing with regular communications, signposting and FAQ's available.

## External Audit

124. The Council's external auditors Ernst and Young LLP (EY) are expected to give an unqualified opinion on the Council's 2019/20 accounts by the target date of 30 November 2020.
125. The external auditors are expected to issue an unqualified value for money conclusion on the adequacy of the Council's arrangements for ensuring economy, efficiency and effectiveness in its use of resources.
126. EY review the AGS to consider whether it complies with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to them. They are expected to confirm that they found no areas of concern in this context.
127. The auditors are also required to report to management and the Audit Committee any significant deficiencies in internal control identified during their audit. EY have not raised any significant matters in this regard.

## Action Plan 2020/21

128.

No.	Action	Responsible Officers
1	COVID-19 – plan the Council's contribution to economic and social recovery <ul style="list-style-type: none"> <li>- Utilise lessons learnt from the pandemic response to help shape future responses and service delivery.</li> </ul>	Managing Director Directors
2	Continue to work with the Cabinet and Council to further refine plans and priorities.	Managing Director Directors Assistant Director Resources (S151 Officer)
3	Manage risks within the MTFP to ensure continued financial sustainability of the Council.	Managing Director Director of Adult and Children's Services Assistant Director, Children's Services
4	Work with Partners to look at new approaches to improving outcomes for children at risk of becoming Looked After.	Managing Director Director of Adult and Children's Services
5	Continue to create the conditions for economic growth including approval of the Local Plan.	Director of Economic Growth Assistant Director, Economic Growth

129. An update on the 2019/20 action plan is contained in Appendix C.

## **Conclusion**

130. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee. In conclusion, we are satisfied the Council has robust governance arrangements in place and while there are currently no governance issues we are committed to the continuous improvement of the system.

Signed

**Leader of the Council**

Signed

**Managing Director**

## APPENDIX A

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



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

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

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

## APPENDIX B

## Assurance Framework

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
Corporate Planning and Performance Management Framework inadequate/ineffective	Chief Officers Executive	<p>Quarterly performance clinics held between the Managing Director, Director and Assistant Directors.</p> <p>Performance data is gathered from various sources and reviewed by the Assistant Director and relevant Director in advance of the clinics.</p> <p>Clear definitions for indicators are in the process of being established.</p>	Performance indicators are reviewed by Internal Audit when individual service areas are audited.	Baskets of performance indicators reported to scrutiny groups on a quarterly basis.
Equalities Policy inadequate/ineffective	Chief Officers Board	Indicators relating to equalities to be included in Performance Clinics with Managing Director. Corporate Equalities Group consisting of equalities advisors (appointed by Assistant Directors) and chaired by Head of Strategy, Performance and Communications will meet quarterly to monitor and report on equalities related performance indicators.	Where appropriate, equalities related performance indicators are reviewed by Internal Audit when individual service areas are audited.	<p>Equalities report to be produced annually by the Corporate Equalities Group.</p> <p>Report to be presented to the Chief Officers Executive and the portfolio holder for Health and Housing.</p>

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
Darlington Borough Local Plan 2016-36 not adopted	External examination by the Planning Inspectorate	Planning Advisory Service Peer review through duty to cooperate PINS advisory service	Local Plan is not currently linked to Internal Audit Plan due to examination processes.	Local Plan development is considered through Member advisory Panel and Place Scrutiny Committee. Submission document and adoption of the plan considered by Cabinet and Full Council.
Internal Control environment inadequate/ineffective.	Internal Audit	Internal Audit Strategy. Internal Audit's Role and Terms of Reference. Risk based Annual Internal Audit Plan. Internal Audit Reports/opinions and outcomes from consultancy work undertaken.	Internal Audit Strategy. Internal Audit's Role and Terms of Reference. Risk based Annual Internal Audit Plan. Internal Audit reports/opinions and outcomes from consultancy work undertaken.	Internal Audit's Strategy, Role and Terms of reference and Annual Audit Plan approved by the Audit Committee. Quarterly/Annual Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan. Annual Report includes an overall opinion on the Council's control environment.
The financial position of the Council not presented fairly in the Financial Statements; the Annual Governance Statement not presented in	External Audit	Risk based External Audit Plan. External Audit Reports/opinions.	Internal Audit's Annual Audit Plan discussed with External Audit to facilitate External audit planning and minimise the duplication of audit effort wherever possible.	External Audit Plan and External Audit Reports, including the Annual Audit Letter, considered by the Audit Committee. Annual Audit Letter considered by Cabinet.

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
accordance with relevant requirements; and proper arrangements are not in place to secure economy, efficiency and effectiveness in the use of resources.				
Inadequate provision of services to the people of Darlington.	External Inspection Agencies	External Inspection Agencies' reports.	External Inspection reports reflected upon in the Internal Audit planning process.	External Inspection reports and progress on improvement action plans considered by relevant Scrutiny Committee/Audit Committee/Cabinet/Council.
Business risk processes inadequate/ineffective	Law and Governance	Risk Management Approach Corporate/Group Risk Registers.	Annual Audit Plan developed with reference to Corporate/Group Risk Registers. Risk Management function subject to periodic Internal Audit review as part of the cyclical audit process.	Risk Management Approach endorsed by the Audit Committee and approved by Cabinet. Six-monthly/Annual Reports to the Audit Committee on the outcomes from the Council's risk management processes.
Fraud and corruption arrangements inadequate/ineffective.	Internal Audit and Housing Benefits.	Anti-Fraud and Corruption Strategy, Policy, Fraud Response Plan, Anti-Money Laundering Policy and Anti-Bribery Policy and Procedures. Housing Benefit/Council Tax Anti-Fraud Strategy, Policy and	Anti-Fraud and Corruption arrangements, including National Fraud Initiative exercises, administered by Internal Audit. The potential for a service to be susceptible to fraud	Fraud related Policies and Strategies approved by the Audit Committee/Council Confidential Reporting Policy approved by Council. Annual Reports to the Audit Committee on the

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
		Sanctions Policy. Confidential Reporting Policy. Internal Audit reviews of arrangements. Outcomes from bi-annual National Fraud Initiative exercises. Internal Audit/Housing Benefits case files.	reflected within Internal Audit's risk assessment model that underpins the annual audit planning process. Internal Audit review of Housing Benefits conducted on an annual basis.	outcomes from the Council's anti-fraud and corruption arrangements.
Information governance arrangements inadequate/ineffective.	Systems and Information Governance Group (SIGG), Senior Information Risk Owner (SIRO), Caldicott Guardian, Data Protection Officer (DPO), Complaints and Information Governance Team, Xentrall and External Audit.	Corporate policies, processes, procedures and guidance in place. SIGG Minutes. Officer/Member Training. Data Quality reflected upon by External Audit in their VFM assessment.	Information Governance/Sensitivity of data is reflected within Internal Audit's risk assessment that underpins the annual audit planning process. Information Governance subject to periodic Internal Audit review as part of the cyclical audit process.	Six-monthly reports to the Audit Committee on progress with implementation of the information governance work programme. External Audit VFM assessment considered by the Audit Committee and Cabinet.
Internal control environment of relevant areas of Xentrall inadequate/ineffective.	Stockton BC Internal Audit	Risk based Annual Internal Audit Plan. Internal Audit reports/opinions and outcomes from consultancy work undertaken.	Joint working protocol agreed between the Internal Audit Services of Stockton and Darlington to cover Xentrall audits. Copies of all relevant Stockton BC Internal Audit Reports on Xentrall forwarded to Darlington Internal Audit for	Stockton BC's Annual Audit Plan related to Xentrall considered by the Audit Committee. Quarterly Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan.

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
Local Code of Corporate Governance not implemented.	Corporate Group with responsibility for overseeing the drafting of the Annual Governance Statement.	Local Code of Corporate Governance Local Code individual key documents/functions matrices updated quarterly by relevant Lead Officers, covering awareness, monitoring and review actions.	information. Internal Audit direct effort annually to validate a sample of evidence to support delivery of awareness, monitoring and review actions detailed on the Local Code individual key documents/functions matrices.	Local Code endorsed by the Audit Committee and approved by Council. Annual Governance Statement considered by the Audit Committee prior to approval.
Grant processes inadequate.	External Audit Internal Audit	External Audit Report on audited Grant Claims. Internal Audit sign-off of relevant Grant Claims.	Grant process arrangements subject to annual review by Internal audit.	External Audit Report on Grant Claims considered by the Audit Committee. Internal Audit Grant Claims work referenced in Quarterly Reports to the Audit Committee on progress/outcomes against the Annual Audit Plan.
Health and Safety practices and processes inadequate/ineffective	Health and Safety Unit	Corporate Health and Safety Policy. Heads of Service Health and Safety Management self assessments and action plans. Risk Assessments Reportable Accident Statistics Outcomes from audits undertaken by the Health and Safety Unit.	Health and Safety function subject to periodic Internal Audit review as part of the cyclical audit process.	Corporate Health and Safety Policy approved by Cabinet. Council's performance on health and safety reported annually to the Economy and Resources Scrutiny Committee.



<b>Risk</b>	<b>Assurance Provider</b>	<b>Sources of Assurance</b>	<b>Links to Internal Audit Work Plan</b>	<b>Reporting to Members</b>
		Officer/Member Training.		
Property management arrangements inadequate	Corporate Landlord Function	Corporate Premises Database System and supporting documentation.	Corporate Landlord Function subject to periodic Internal Audit review as part of the cyclical audit process.	Property management arrangements included in Council Risk Registers and, as such, included within member reporting arrangements for business risk processes.
Management control in respect of operational aspects of the business inadequate.	Chief Officers Board	Annual signed Assurance Statements from Assistant Directors.	Arrangements administered and outputs scrutinised by Internal Audit.	Annual report to the Audit Committee on the outcomes from the Assurance Statement process.
Capital Project management arrangements inadequate/ineffective.	Asset Management and Capital Programme Review Board	Asset Management and Capital Programme Review Board Agendas/Minutes and supporting documentation.	Project Office function subject to periodic Internal Audit review as part of the cyclical audit process.	Project Position Statement reported regularly to Cabinet.
Partnership governance arrangements inadequate.	Partnership Lead Officers	Annual Partnership Toolkit questionnaires completed by relevant Council Partnership Lead Officers and supporting documentation provided.	Partnership Governance Arrangements subject to periodic Internal Audit review as part of the cyclical audit process.	Partnership Toolkit approved by Cabinet. Annual report to the Audit Committee on the operations of significant partnerships.
Joint Venture Housing Investment	Internal Audit DBC Directors Legal Services advice as required	Copies of Company Audit reports Access to Banking facilities Restriction on Banking Facilities without approval of 2 Directors Weekly Sales Report Monthly Progress Report Quarterly Board meeting attended	Joint Venture Arrangements subject to periodic internal audit review and reviewed as part of cyclical audit process	Joint Venture Arrangements included in the Council's risk register and as such included within member reporting arrangements for business risk processes.

<b>Risk</b>	<b>Assurance Provider</b>	<b>Sources of Assurance</b>	<b>Links to Internal Audit Work Plan</b>	<b>Reporting to Members</b>
		by DBC Directors with Legal, Finance and Housing expertise. Shareholders Reserved Matters		
Treasury management arrangements inadequate.	Financial Services	Treasury Management Policy Statement, Strategy, Prudential Indicators and Procedures.	Treasury Management function subject to periodic Internal Audit review as part of the cyclical audit process.	Treasury Management Policy Statement, Strategy and Prudential Indicators considered by the Audit Committee and approved by Council. Treasury Management Procedures approved by the Audit Committee. Regular/Annual Reports to the Audit Committee and Cabinet on the performance of the Treasury Management function.
Financial management arrangements inadequate/ineffective.	Financial Services	Medium Term Financial Plan. Corporate Budget Setting/Monitoring processes and supporting documentation. Officer/Member Training.	Financial management arrangements subject to periodic Internal Audit review as part of the cyclical audit process.	Medium Term Financial Plan approved by Council. Quarterly Reports to Cabinet on Financial Performance.
Financial management arrangements in local authority maintained schools inadequate/ineffective.	School Governing Bodies	Schools annual self-assessment returns against the Schools Financial Value Standard (SFVS).	Financial arrangements in schools subject to periodic Internal Audit review as part of the cyclic audit process.	School balances reported to Cabinet quarterly.
Ineffective	Chief Officers	Chief Officer Executive	Internal Audit	Reports to Cabinet and

<b>Risk</b>	<b>Assurance Provider</b>	<b>Sources of Assurance</b>	<b>Links to Internal Audit Work Plan</b>	<b>Reporting to Members</b>
management of the transformation agenda.	Executive	Agendas/Minutes and supporting documentation.	support/contribute to delivery of the Transformation Programme as relevant.	Scrutiny as appropriate.
Ineffective challenge to the procurement process.	Procurement Board	Procurement Board Agendas/Minutes and supporting documentation.	Procurement process subject to periodic Internal Audit review as part of the cyclical audit process.	Annual Procurement Plan approved by Cabinet.
Ethical health arrangements inadequate.	Law and Governance	Member Code of Conduct. Officer Code of Conduct. Member/Officer Training.	Audit Committee reports on ethical indicators reflected upon in the audit planning process.	Members and Officers Codes of Conduct approved by Council. Audit Committee receives reports on ethical indicators.
Lessons not learned from complaints received.	Complaints and Information Governance Team	Corporate, Adult Social Care, Children's Social Care, Housing and Public Health Complaints, Compliments and Comments Procedures. Complaints Records. Local Government and Social Care Ombudsman Housing Ombudsman Annual reports to COB. Regular reporting to senior management. Quarterly reporting via PMF. External Inspection Agencies' reports.	Complaints and Ombudsman reports reflected upon in the audit planning process.	Complaints Procedures approved by Cabinet. Annual report to Cabinet on complaints received and the resultant organisational learning. Regular reports to Cabinet on Ombudsman complaints and outcomes.
Inadequate arrangements for the delivery of the Public	Director of Public Health	Public Health Work Plan. Health and Wellbeing Strategy. Director of Public Health's Annual	Public Health function subject to periodic Internal Audit review as part of the cyclical	Regular reports to Health and Wellbeing Board and Health and Partnerships

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
Health function and responsibilities.		Report.	audit process.	Scrutiny Committee.
Ineffective system of internal audit	Senior Group of Officers	Annual Review of the system of internal audit and supporting documentation.	Internal Audit direct effort annually to support the review process.	Annual Review of the system of internal audit considered by the Audit Committee.

## APPENDIX C

No.	Action	Responsible Officers	Update
1	Work with the new Council to refine current plans and priorities	Managing Director Directors	The Council now has a new draft Council Plan which was ready for approval by Council pre COVID-19 but has now been withdrawn from Cabinet for future consideration by Cabinet to take account of COVID-19 impacts.
2	Manage risks within the MTFP to ensure continued financial sustainability of the Council	Managing Director Directors Assistant Director, Resources (S151 Officer)	A four year balanced MTFP was approved in February 2020.
3	Work with Partners to look at new approaches to improving outcomes for children at risk of becoming Looked After	Managing Director Director of Adult and Children's Services Assistant Director, Children's Services	Progress has been made in partnership with the DfE and Leeds City Council leading to changes in practice and outcomes.
4	Implement the recently approved Special Educational Needs Strategy	Managing Director Director of Adult and Children's Services	The policy is being implemented.
5	Continue to create the conditions for economic growth including approval of the Local Plan	Director of Economic Growth Assistant Director, Economic Growth	Progress is being made in particular works at Ingenium Park progress and Central Park has seen the opening of the Universities Horizons Centre. The Town Centre Strategy is also progressing.
6	Work with Darlington Partnership to	Managing Director	Work on implementing new initiatives continues and the

	implement the Fairer, Richer Darlington Charter	Directors	<p>most significant being the Bread and Butter Thing charity starting work in Darlington to provide a sustainable food offer to struggling communities. COVID-19 has seen wide involvement across the Borough in supporting those most in need.</p> <p>The Council has agreed its approach to Community Wealth Building which aims to increase spending by the Council in the Borough. Other public sector organisations are expected to follow suit soon.</p>
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