

**AUDIT COMMITTEE
20 JANUARY 2025**

ITEM NO.

AUDIT SERVICES – ACTIVITY REPORT

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.
4. Members consider if there are any issues identified that they wish to escalate for further consideration.

Reasons

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

**Andrew Barber
Assurance Manager**

Background Papers

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

Andrew Barber: Extension 156176

Council Plan	No direct impact but does provide assurances on the delivery of Council Plan objectives.
Addressing inequalities	No specific equality impact however controls to manage equality are included in the programme
Tackling Climate Change	No specific climate change impact however controls to manage climate change are included in the programme
Efficient and effective use of resources	The report provides assurance on the controls in place to deliver the effective use of resources
Health and Wellbeing	There is no specific health and well-being impact.
S17 Crime and Disorder	Other than any special investigation work there is no crime and disorder impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework
Key Decision	This is not a Key Decision
Urgent Decision	This is not an Urgent Decision
Impact on Looked After Children and Care Leavers	This report has no direct impact on Looked After Children or Care Leavers, however results of testing provide assurance over how the impact is being managed.

MAIN REPORT

Information and Analysis

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. The report 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. Members are reminded that this is not an assessment of the risk itself but an assessment of some of the controls in place to manage the risk.

Overall Position

We are seeing good levels of assurance against each of the risks.

Detailed Commentary

There is nothing to bring to members attention at this time.

Assurance by Risk

Rsk Ref	Risk	Assurance
SR1	Implementation of recommendations from the Capital Process Review is needed to improve effective capital project management	100.00
SR10	Planning Performance at risk of Standards Authority intervention	100.00
SR11	VAT partial exemption breach due to exempt VAT being close to the 5% limit	100.00
SR12	Fraud in general	100.00
SR13	Instability within financial markets adversely impacts on finance costs and investments	100.00
SR14	Financial pressures to the General Fund as a result of increased levels of unemployment and increased Council Tax Support claims	90.00
SR15	Inability to cope with significant increase in homelessness cases following the impact of COVID.	100.00
SR16	Inability to contain placement costs for children looked after due to lack of sufficient in house placements	100.00
SR17	Inability to recruit and retain sufficient qualified suitably experienced social workers in Children's Services impacts on cost and quality of service	100.00
SR18	Inability to recruit and retain sufficient qualified suitably experienced social workers and reablement staff in Adult Services impacts on cost and quality of service	100.00
SR19	Failure to identify vulnerable schools and broker appropriate support to address needs	100.00
SR20	Increased demand for Adult Services impacts negatively on plans for budget efficiencies	100.00
SR21	Increased demand for Children's Services impacts negatively on budget	100.00
SR22	Market (Domiciliary Care Residential Care providers) failure following the Care Act/Living Wage	100.00
SR23	Market (Domiciliary Care Residential Care providers) for Vulnerable Families with Children (including SEND) experiences provider failure	100.00
SR25	The Deprivation of Liberty Safeguards Threshold changes significantly increases the amount of people deprived of their liberty resulting in potential for increased legal challenge	100.00
SR26	Failure to respond appropriately to safeguard vulnerable adults, in line with national legislation and safeguarding adults procedures	100.00
SR27	Failure to respond appropriately to safeguard vulnerable children, in line with national legislation and safeguarding children, thresholds and procedures.	100.00
SR28	Working with other local commissioners to ensure their understanding of their responsibilities within the Childhood pathway.	100.00
SR29	Risk of unsuccessful mobilisation of new service - Support, Recovery and Treatment In Darlington through Empowerment (STRIDE).	100.00
SR3	Business Continuity Plans not in place or tested for key critical services	100.00
SR33	Impact of national cost of living crisis on customers and audiences for Leisure and Cultural facilities	100.00
SR34	Budget & resource implications arising from the ability to progress and complete schemes/projects in the event of further construction inflation, material supply and resource demands	100.00
SR35	Potential impact on public transport networks if commercial services do not recover or continue to receive support from Government and routes are withdrawn	100.00
SR36	Failure to meet the Council's commitment to becoming Carbon neutral by 2050	100.00
SR38	Reputational and regulatory risk if reinspection not successful	100.00
SR40	Managing the impact of severe weather events	100.00
SR42	Risk of enforcement action from the ICO	87.18
SR43	Risk of new dangerous variant or a significant wave of COVID-19 impact on the Council's ability to provide services as a result of a new dangerous variant or a significant wave of COVID-19 or the activation of UKHSA Contingency plan	100.00
SR44	April 2023 will see the implementation of the CQC inspection framework for Adult Social Care. Due to the significant demands on adult social care, the pressures following covid, and the workforce recruitment and retention crisis will impact on the ratings- resulting in an "requiring improvement" outcome.	100.00
SR7	Financial implications of Maintaining and conserving key capital assets within the borough	100.00
SR8	Investment in regeneration projects is not delivered	100.00

- The next section breaks down audit results against a set of key governance processes. We have updated our list of themes primarily to provide a greater degree of clarity and aid understanding.

Overall Position

The majority of themes are showing a positive level of assurance overall, there is one area shown as below 70% and has been reported previously. There are 2 areas currently below 80%. The majority of controls in the High/Very High categories are showing as Green with no Reds.

Detailed Commentary

Application for a Service/Support - Transport policies were found to be out of date impacting on the appeals processes for transport support. Revised policy is at draft stage and out for consultation.

Regulatory Services - There are currently some backlogs being experienced in trading standards and environmental health linked to resourcing issues largely based on recruitment difficulties.

People - Backlogs still exist in dealing with adult social care cases, however this is reducing and being closely monitored with the largest backlog in OT.

New systems are being developed to manage supervisions within Children's services.

There were some minor issues noted relating to employee induction which have been fed into the existing review of the workforce strategy.

We continue to note challenges in meeting the 95% completion rate for mandatory information governance training. Some minor issues were also noted with the management of DBS checks.

Results by Theme

Theme	1 Red	2 Amber	3 Green	Total
Application for a Service/Support	1	6	26	33
Application for an Approval/Permission		3	27	30
Assets		2	21	23
Business Continuity		2	25	27
Corporate Governance		3	54	57
Finance	1		106	107
ICT		1	24	25
Information Governance		1	40	41
People	7	11	30	48
Performance Management	1		5	6
Procurement/Contracts		2	22	24
Regulatory Services		3	11	14
Total	10	34	391	435

Assurance by Theme

Theme	Assurance
Application for a Service/Support	88.18
Application for an Approval/Permission	95.61
Assets	93.75
Business Continuity	97.75
Corporate Governance	98.57
Finance	99.43
ICT	98.80
Information Governance	98.58
People	69.00
Performance Management	90.63
Procurement/Contracts	95.31
Regulatory Services	84.15
Total	93.01

Overall Results

Status	1 Very Low	2 Low	3 Medium	4 High	5 Very High	Total
1 Red		2	8			10
2 Amber		16	12	4	2	34
3 Green	23	180	112	60	16	391
Total	23	198	132	64	18	435

Results in Period

Status	1 Very Low	2 Low	3 Medium	4 High	5 Very High	Total
1 Red		2	7			9
2 Amber		7	6	2		15
3 Green	1	18	20	6	3	48
Total	1	27	33	8	3	72

10. The next section looks at the status of recommendations shown by service area.

Overall Position

We continue to see a positive response from managers to the recommendations we make with low numbers of not implemented recommendations when we come to review implementation.

Detailed Commentary

The 4 recommendations that are marked as not implemented, these are longer scale pieces of work and progress is being made albeit a little slower than originally envisioned. I currently do not have any concerns regarding progress towards implementation of these recommendations and fully expect them to be implemented.

Recommendations

Service	Agreed	Draft	Implemented	Not Implemented	Risk Tolerated	Total
	2		1		1	4
Adults	2		4			6
Children's Services	4	1	4		1	10
Community Services	5	1	8			14
Economic Growth	1	2	6		1	10
Education	3					3
Housing & Revenue Services	1	1	5			7
Law & Governance			8		1	9
Public Health		1	1		1	3
Resources		2	2			4
Strategy, Performance & Communications	4		9		1	14
Transport & Capital Projects	1					1
Xentrall	1	1	4			6
Total	24	9	52		4	91

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. Portfolio coverage identifies the number of controls that must be tested in the period to maintain adequate coverage, we were on target for the previous period. A staff member has now commenced maternity leave and this accounts for the reduction in productivity levels and reduced spare capacity. The programme of work has been reviewed and it is anticipated there will be no impact

in being able to complete sufficient work within DBC to enable the annual opinion to be given.

Stewardship (Coverage)			Stakeholders		
Measure	Target	Actual	Measure	Target	Actual
Adequate Resources	15	7	Reporting	Qtrly	*
Portfolio Coverage	73	72	Fraud Strategy	November	*
Annual Report	June	*	Satisfaction	TBC	*
Activity	Qtrly	*	Recommendation Implementation	TBC	*

Process			People		
Measure	Target	Actual	Measure	Target	Actual
PSIAS Internal Review	March	*	Productivity	75%	69%
PSIAS External Review	March 2023	*	Training	20	*
Staff Meetings	8	11	Code of Conduct	100%	*
Audit Manual Update	March		Appraisals	100%	*

*- to be reported annually

12. The final section of the report (Appendix A) is a full list of controls to be examined in the next period in priority order.
13. I currently do not have any concerns over the resourcing levels of the service or any impairment of the independence of the service to report to members. However it should be noted that we do have a member of staff currently on maternity leave, we have been able to manage the plan over the short-term to manage this. In addition to this we have another member of staff who is due to move onto flexible retirement in April, this has the potential to cause a greater resourcing issue, to manage this we will be looking to bring in an apprentice with the expectation that they will replace this auditor when they do retire.

14. Revised Global Standards for Public Sector Internal Audit – The revised standards become mandatory in April 2025. We have been reviewing the current position against these revised standards and I am pleased to report that overall, the service is in a very strong position to maintain compliance. The main area that required addressing is in relation to a new requirement to have a strategy in place for the service, whilst we have had a strategy in place this was less formally documented, a fully documented strategy will be presented at the next meeting for approval.

Outcome of Consultation

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

ID	Control	Frequency
88	An approved Council Plan is in place which sets out the priorities of the council.	3
32	Education, Health & Care Plans are appropriately monitored including an annual review process.	6
33	Education, Health & Care Plans are completed appropriately and in a timely fashion	6
78	Focussed financial support to commercial ventures.	6
116	Council employed drivers and passenger assistants hold the necessary DBS clearances, licences, qualifications and training.	6
166	Adult Services operational staff hold current DBS clearance and relevant qualifications.	6
189	Professionals are appropriately trained and qualified to undertake BIA/DoLS assessments.	6
270	Building control decisions are appropriately authorised and made in line with Building Regulations, with audit trails in place to support decisions made.	6
339	The employer makes the correct % contribution payment to the relevant pension fund on behalf of each employee within that scheme.	6
344	All new employees have been appropriately vetted before being employed.	6
417	Compliance with licence conditions is monitored and appropriate sanctions taken when necessary.	6
512	There is an appropriate system in place to manage building control appeals.	6
515	Fees for building control applications have been set appropriately.	6
526	Changes in circumstances for council tax reduction and housing benefit claimants are processed appropriately.	6
869	Museum cafe and confectionary takings are appropriately safeguarded and reconciled.	6
72	Treasury Management Strategy and its implementation in relation to investments meets the Prudential Code and Treasury Management Code of Practice.	12
79	Maintain formula and support for funding schools and high needs.	12
169	Appropriate financial monitoring is in place in respect of the Better Care Fund (BCF).	12
171	Non-financial targets as set out in the Better Care Fund (BCF) plan are being met.	12
251	Sufficient health & safety measures/risk assessments are in place/undertaken at individual adults establishments.	12
252	Continuity arrangements are in place to ensure adult direct services/provider services can continue in the event of short, medium and long term disruption.	12
272	Breaches of planning control are investigated and enforcement action initiated as necessary.	12
279	Privileged access to Active Directory administration functionality is appropriately controlled and secured.	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
397	Economic Growth Strategy and Economic Growth Plan is monitored and milestones achieved.	12
408	Monitor re-offending rates and target resources towards young people at risk of re-offending.	12
739	Treasury Management Strategy and its implementation in relation to borrowing meets the Prudential Code and Treasury Management Code of Practice.	12
863	Server operating systems approaching end of support are decommissioned in an appropriate and timely manner.	12
38	Plans are in place to manage the loss of a school and provide continuity of education.	18
59	Allocation of school budgets in line with funding formula.	18
69	Clear contract procedure rules.	18
89	Development of an appropriate risk assessed H&S audit programme.	18
115	Appropriate service risk assessments are undertaken within the Passenger Transport service, and measures are in place to ensure the health and safety of Council employees.	18
135	Civic enforcement decisions are consistent, fair, proportionate and necessary; in line with legislation.	18
147	Highway inspections are undertaken in accordance with an appropriate specified programme.	18
221	Information security and sharing protocols in relation to occupational health and employee therapy provision is in line with data protection legislation.	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

ID	Control	Frequency
390	Commitment to road safety and reducing road casualties.	18
413	Licence applications are subject to appropriate review and approval, evidence of background and eligibility.	18
477	Information asset registers are in place for each service and are being complied with.	18
511	Inspections of building work are undertaken to ensure compliance.	18
527	Records relating to Council Tax Reduction and Housing Benefit are accurate and up to date.	18
531	Exclusions/Pupils at risk of exclusion are reviewed and action taken to address issues.	18
87	Co-ordinate complaints process.	24
90	Deliver health & safety training programme and provide advice and guidance materials.	24
150	Car Parking Strategy in place which is up to date and considers resident, disabled and general parking requirements.	24
151	Road closures are undertaken following appropriate consultation and required notifications are completed within relevant timescales.	24
155	Local Implementation Plan in place contributes to the delivery of the Tees Valley Strategic Transport Plan.	24
206	Communication activities are aligned with corporate priorities and are delivered consistently and effectively.	24
219	Information stored on the employee protection register is accurate, up to date and used appropriately.	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
398	Local economic assessment provides an economic baseline to inform decision making.	24
407	Monitor trends in crime and anti-social behaviour and respond to emerging issues.	24
448	Crematorium operational controls are safe, effective and comply with Cremation Regulations.	24
497	Civic enforcement actions are appropriately and accurately recorded.	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
128	Operational procedures are in place and available to catering and cleaning staff.	48
441	Contingency plans are in place for the collection and disposal of waste.	48
514	An appropriate fee has been received for building control applications.	48
870	Museum cafe stock and inventory is effectively managed.	48
871	Procurement of museum catering supplies is in line with contract procedure rules.	48
1534	Corporate credit cards are issued solely for Council purposes to authorised users, with all transactions supported by receipts and subject to regular review and reconciliation.	48