

AUDIT COMMITTEE
21 JULY 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		Assurance
Risk Ref	Risk	
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	100.00
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	83.33
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	96.55
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	94.62
SR40	Managing the impact of severe weather events	100.00
SR42	Risk of enforcement action from the ICO	87.80
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.	95.00
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

9. 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 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

Regulatory Services - There are currently some backlogs being experienced in environmental health, external support has been sourced, due to the increase in workload checks need to be made to ensure continued compliance with procurement rules. We have previously reported some recruitment difficulties in this area, new staff are now in place however there is a bedding in period and a couple of very minor recording issues were observed.

People - New systems have been introduced to manage supervisions within Children's services, this is still in the process of bedding in and is not yet working wholly as anticipated.

We continue to note challenges in meeting the 95% completion rate for mandatory information governance training, however this is offset by good assurance generally in relation to information governance. Some minor issues were also noted with the progress of reviewing NFI results and current recycling rates.

Results by Theme

Theme	1 Red	2 Amber	3 Green	Total
Application for a Service/Support	1	8	27	36
Application for an Approval/Permission		4	29	33
Assets		4	20	24
Business Continuity			27	27
Corporate Governance		3	54	57
Finance	1	2	110	113
ICT		3	25	28
Information Governance	4	1	36	41
People	6	13	32	51
Performance Management	1		6	7
Procurement/Contracts		2	24	26
Regulatory Services		4	9	13
Total	13	44	399	456

Assurance by Theme

Theme	Assurance
Application for a Service/Support	85.51
Application for an Approval/Permission	94.67
Assets	89.20
Business Continuity	100.00
Corporate Governance	98.56
Finance	98.63
ICT	94.14
Information Governance	89.79
People	71.13
Performance Management	92.50
Procurement/Contracts	97.09
Regulatory Services	78.95
Total	91.56

Overall Results

Status	1 Very Low	2 Low	3 Medium	4 High	5 Very High	Total
1 Red		6	7			13
2 Amber		21	12	8	3	44
3 Green	23	184	114	61	17	399
Total	23	211	133	69	20	456

Results in Period

Status	1 Very Low	2 Low	3 Medium	4 High	5 Very High	Total
1 Red		2	6			8
2 Amber		7	6	1	2	16
3 Green	1	17	18	12	5	53
Total	1	26	30	13	7	77

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 3 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.

Service	Agreed	Draft	Implemented	Not Implemented	Risk Tolerated	Total
	1		2	1		4
Adults	2		4			6
Children's Services	5	1	12	1		19
Community Services	6	4	8			18
Economic Growth	6	2	7		1	16
Education	3					3
Housing & Revenue Services	1	1	5			7
Law & Governance			8	1		9
Public Health		1	2			3
Resources		2	2			4
Strategy, Performance & Communications			4		1	5
Transport & Capital Projects	1					1
Xentrall	1	1	4			6
Total	26	12	58	3	2	101

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	0	Reporting	Qtrly	*
Portfolio Coverage	73	77	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%	82%
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 has moved onto flexible retirement in April.
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.

Outcome of Consultation

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

ID	Control	Frequency
55	Accurate and timely assessment of children's referrals is undertaken.	3
380	The Supporting Families programme is managed effectively.	3
539	Review of care packages for continued suitability, review outcomes are recorded and follow up action taken as appropriate.	3
35	Section 17 payments made in respect of children are appropriately managed.	6
78	Focussed financial support to commercial ventures.	6
112	Process Council Tax Reduction claims.	6
113	Process Housing Benefit claims.	6
119	Client risk assessments are undertaken and appropriate arrangements in place for the provision of Community (SBC) and Passenger (DBC) Transport (social care and education) service usage.	6
159	HMO properties are licensed.	6
182	Where the Authority has Deputyship/Appointeeship, appropriate authorisation/legal documentation is in place.	6
283	Disposals of ICT equipment are undertaken in an appropriate manner in line with an adequate and appropriate official disposal policy.	6
344	All new employees have been appropriately vetted before being employed.	6
416	Trading standards investigations, interventions and responses to complaints are recorded accurately and information shared securely, as necessary.	6
526	Changes in circumstances for council tax reduction and housing benefit claimants are processed appropriately.	6
545	There is an effective appeals process for transport eligibility decisions.	6
549	Feedback on cases of identified fraud are acted upon appropriately.	6
551	Discretionary housing payments are awarded in accordance with the scheme.	6
741	Staff within Public Health have completed mandatory information governance training.	6
746	Staff within Resources have completed mandatory information governance training.	6
747	Staff within Strategy, Performance and Communications have completed mandatory information governance training.	6
748	Staff within Housing and Revenues have completed mandatory information governance training.	6
752	The purpose and scope of CCTV coverage in the admin buildings has been appropriately documented and a Privacy Impact Assessment undertaken.	6
794	Food & Hygiene premises rating system programme of inspections is effectively managed.	6
812	Staff within Commissioning, performance and transformation have completed mandatory information governance training.	6
826	Adequate and appropriate controls are in place in relation to the use of mobile devices for work purposes.	6
23	Assessment and appointment of suitable in-house foster carers.	12
79	Maintain formula and support for funding schools and high needs.	12
96	Prepare annual governance statement.	12
132	Free school meals are provided to eligible pupils.	12
190	Professionals employed to undertake DoLS assessments are procured and employed via correct processes.	12
255	Packages in place have been appropriately authorised and there is an audit trail to support the decision.	12
295	Appropriate formal documented ICT project management standards/policies have been established.	12
365	Management and oversight of youth offending cases improve outcomes for young people involved in criminal justice system or at risk of becoming involved.	12
367	The Council has a strategy in place to deliver public health services to the community.	12
405	Effective management of grants received to support jobs and growth.	12
408	Monitor re-offending rates and target resources towards young people at risk of re-offending.	12
464	Effective commissioning and procurement of public health services and programmes.	12
544	Payment of direct payments is accurate and timely.	12

ID	Control	Frequency
1522	Conditions attached to Home Upgrade Grant (HUG) funding are complied with and funding due has been received.	12
1533	Authorised BACS payments are processed accurately and securely, with thorough reconciliation and data validation.	12
59	Allocation of school budgets in line with funding formula.	18
89	Development of an appropriate risk assessed H&S audit programme.	18
93	Requests for information are handled in line with requirements of the Freedom of Information Act.	18
134	Arrangements are in place for inspection and maintenance of security and surveillance equipment.	18
177	Adult Social Care staff are aware of Health & Safety requirements and have received appropriate H & S training.	18
271	Residential delegated planning applications are considered and determined in line with the local development plan, national planning framework, gives consideration to the provision of green spaces and is dealt with within the appropriate timescale.	18
274	Section 106 agreements utilised effectively and obligations are complied with.	18
364	Effective recruitment and retention of foster carers meets demand for places, including ongoing campaigns promoting the role.	18
393	Appropriate and timely response to a homelessness Duty to Refer (DTR) request.	18
455	Inspection and maintenance of Council owned play facilities and skate parks.	18
485	In-house foster carer details are accurately recorded and updated.	18
491	There is a system of performance management in place to establish the effectiveness of HR policies, procedures and initiatives.	18
503	The programme of trading standards inspections and sample testing is being monitored for completion.	18
527	Records relating to Council Tax Reduction and Housing Benefit are accurate and up to date.	18
532	Pathway plans are reviewed and actions addressed.	18
533	Pathway plans are accurate and up to date on the system.	18
534	Any payments agreed as part of the Pathway Plan have been paid correctly.	18
552	Plans are in place to continue to deliver housing/council tax support during an emergency.	18
87	Co-ordinate complaints process.	24
123	Payments made to Community (SBC) and Passenger (DBC) transport staff are appropriate, accurate and authorised.	24
258	Environmental Health officers have the appropriate qualifications and undertake the required training.	24
366	Implementation of action plans that promote access to targeted resources, increase access to education, training and employment.	24
462	Provision and upkeep of outdoor public seating and street furniture.	24
528	Decisions to award discounts for council tax and rate relief for business rates are appropriate.	24
529	Council Tax/NDR information is accurate and up to date.	24
530	Discounts/Rate Relief is monitored for continued eligibility and there is an appropriate appeals process in place.	24
542	Financial assessments are reviewed and updated for changes in circumstances.	24
684	National Fraud Initiative (NFI) matches in relation to Council Tax Reduction Scheme are promptly reviewed and investigations undertaken as necessary.	24
685	National Fraud Initiative (NFI) matches in relation to Housing Benefits Claimants are promptly reviewed and investigations undertaken as necessary.	24
825	There are appropriate systems/controls in place to facilitate monitoring and validation of employee expenses in relation to car mileage/parking claims.	24
451	Maintain a schedule of cremator inspection and maintenance.	48
550	Council Tax support/housing benefit overpayments are managed effectively.	48