AUDIT COMMITTEE
13 OCTOBER 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 breech 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	78.13
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
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	96.23
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	94.35
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.	94.67
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 only 1 area 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 – We have one new area of concern in relation to this theme. This relates to the number of care packages that have not been reviewed in the past 12 months. The number has increased over the period of testing, partially due to the number of unscheduled reviews undertaken. We will continue to monitor this position.

People - 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	7	22	**30**
Application for an Approval/Permission		3	28	**31**
Assets		3	21	**24**
Business Continuity			26	**26**
Corporate Governance		2	53	**55**
Finance	3	3	107	**113**
ICT		2	24	**26**
Information Governance	4		36	**40**
People	6	15	29	**50**
Performance Management	1		7	**8**
Procurement/Contracts		2	24	**26**
Regulatory Services		2	11	**13**
Total	**15**	**39**	**388**	**442**

Assurance by Theme

Theme	Assurance
Application for a Service/Support	83.81
Application for an Approval/Permission	95.58
Assets	92.77
Business Continuity	100.00
Corporate Governance	99.02
Finance	96.51
ICT	94.89
Information Governance	91.37
People	67.46
Performance Management	93.75
Procurement/Contracts	97.12
Regulatory Services	91.18
Total	**91.39**

Overall Results

Status	1 Very Low	2 Low	3 Medium	4 High	5 Very High	Total
1 Red		8	7			**15**
2 Amber		17	13	6	3	**39**
3 Green	23	185	107	59	14	**388**
Total	**23**	**210**	**127**	**65**	**17**	**442**

Results in Period

Status	2 Low	3 Medium	4 High	5 Very High	Total
1 Red	2	1			**3**
2 Amber	2	8	1		**11**
3 Green	12	23	10	2	**47**
Total	**16**	**32**	**11**	**2**	**61**

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 2 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
Adults	1		5			**6**
Children's Services	4	1	13	1		**19**
Community Services	5	4	9			**18**
Economic Growth	7		8		1	**16**
Education	1		2			**3**
Housing & Revenue Services	1	1	5			**7**
Law & Governance			8	1		**9**
Public Health			3			**3**
Resources		2	2			**4**
Strategy, Performance & Communications			4		1	**5**
Transport & Capital Projects			1			**1**
Xentrall	1	1	4			**6**
Total	**20**	**9**	**64**	**2**	**2**	**97**

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 marginally behind target for this quarter, historically this period is the most difficult in terms of completing audit work due to annual leave within the team and across services. Produced below is a comparison with previous years, I remain confident sufficient work will be completed to be able to provide an opinion. In addition to this the member of staff on maternity leave is due to return in the coming weeks.

Year	Controls Tested
2023	22
2024	43
2025	61

Stewardship (Coverage)			Stakeholders		
Measure	Target	Actual	Measure	Target	Actual
Adequate Resources	15	15	Reporting	Qtrly	*
Portfolio Coverage	73	61	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%	74%
PSIAS External Review	March 2023	*	Training	20	*
Staff Meetings	8	12	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
30	Petty Cash and Debit Cards are appropriately safeguarded and reconciled.	3
55	Accurate and timely assessment of children's referrals is undertaken.	3
88	An approved Council Plan is in place which sets out the priorities of the council.	3
438	Waste and recycling targets are achieved.	3
471	Achievement of completion rate targets for mandatory on-line information governance training.	3
686	National Fraud Initiative (NFI) matches in relation to Housing tenants, waiting lists and RTB are promptly reviewed and investigations undertaken as necessary.	3
740	Staff within Highways and Capital projects have completed mandatory information governance training.	3
742	Staff within Children's Services have completed mandatory information governance training.	3
743	Staff within Adults Service have completed mandatory information governance training.	3
744	Staff within Education services have completed mandatory information governance training.	3
745	Staff within Economic Growth have completed mandatory information governance training.	3
753	The purpose and scope of CCTV coverage at the depot has been appropriately documented and a Privacy Impact Assessment undertaken.	3
755	The purpose and scope of CCTV coverage used by street scene/refuse has been appropriately documented and a Privacy Impact Assessment undertaken.	3
758	The purpose and scope of CCTV coverage in the hippodrome has been appropriately documented and a Privacy Impact Assessment undertaken.	3
760	The purpose and scope of CCTV coverage at the museum has been appropriately documented and a Privacy Impact Assessment undertaken.	3
795	Staff within Community Services have completed mandatory information governance training.	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
50	Children's Cases have been allocated to a suitable social worker and caseload numbers are managed in order to maintain the quality of care and wellbeing of staff.	6
78	Focussed financial support to commercial ventures.	6
146	Bridge inspections are undertaken in accordance with an appropriate specified programme.	6
166	Adult Services operational staff hold current DBS clearance and relevant qualifications.	6
176	An appropriate ICT system(s) is in place to manage and safeguard adult social care information held.	6
182	Where the Authority has Deputyship/Appointeeship, appropriate authorisation/legal documentation is in place.	6
236	Arts and museum assets are adequately safeguarded and insured.	6
250	There is a system of performance management in place for adult social care.	6
278	Financial assistance provided to businesses is subject to appropriate appraisal and approval.	6
315	All variable payments other than overtime (control covered elsewhere) are supported by appropriate paperwork and details are promptly and accurately entered onto the system.	6
339	The employer makes the correct % contribution payment to the relevant pension fund on behalf of each employee within that scheme.	6
343	The appointment process is fair, robust and managed effectively.	6
345	All newly appointed employees are subject to an appropriate induction.	6
478	An appropriate ICT system(s) is in place to manage and safeguard children's social care/education information held.	6
515	Fees for building control applications have been set appropriately.	6
551	Discretionary housing payments are awarded in accordance with the scheme.	6
752	The purpose and scope of CCTV coverage in the admin buildings has been appropriately documented and a Privacy Impact Assessment undertaken.	6

ID	Control	Frequency
820	There is a system of performance management in place for children's social care.	6
855	Cybersecurity related risks for the organisation have been adequately considered.	6
856	Adequate and appropriate controls are in place to protect the organisation against cybersecurity attacks.	6
877	Adult social care staff supervision is taking place in accordance with policy and agreements.	6
26	Attainment in schools is appropriately monitored.	12
28	In-house carers within children's residential settings receive appropriate training.	12
79	Maintain formula and support for funding schools and high needs.	12
81	Operate clear arrangements for billing and collection of council tax and business rates	12
96	Prepare annual governance statement.	12
158	Disabled Facilities Grants recipients meet grant eligibility criteria, payments and contributions are correct.	12
163	Business continuity arrangements are in place in order to continue to receive adult referrals and undertake assessments.	12
175	Adult Social Care cases are handled in a timely manner.	12
178	Staff in direct services/provider services are compliant with statutory and mandatory training for their role and hold relevant DBS clearance.	12
256	Formal signed S75 agreement in place between LA/ICB in accordance with relevant guidance.	12
289	Appropriate disaster recovery plans and procedures are in place to support recovery from a partial or total loss of significant ICT systems/servers.	12
298	Adequate and appropriate arrangements are in place in respect of business continuity and disaster recovery for the network infrastructure (including backup arrangements and arrangements to ensure network resilience).	12
302	Anti-virus controls are in place for relevant elements of the ICT infrastructure including servers and individual machines.	12
313	The Resourcelink payroll system calculates all payments correctly.	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
371	Information held about children, young people and their families is appropriate/up to date and sharing is in line with GDPR and IARs.	12
464	Effective commissioning and procurement of public health services and programmes.	12
465	Public health research and local needs assessment.	12
484	Suitability of approved in-house foster carers is monitored.	12
544	Payment of direct payments is accurate and timely.	12
577	The correct charges are raised for Housing Rents.	12
853	Life story work is planned and undertaken for children in local authority care, with progress monitored.	12
59	Allocation of school budgets in line with funding formula.	18
77	Financial appraisal completed as part of business case/options appraisal	18
89	Development of an appropriate risk assessed H&S audit programme.	18
141	Sensitive personal information in relation to community alarm service clients is managed in line with GDPR requirements.	18
177	Adult Social Care staff are aware of Health & Safety requirements and have received appropriate H & S training.	18
183	Where legal charges have been placed on a service user's property, appropriate deferred payment/legal documentation is in place.	18
245	Maintain an accurate and up to date electoral register, which conforms to Electoral Commission requirements.	18
382	Monitor delivery of community partnership objectives and key priorities.	18
449	Cemeteries and memorials are well maintained and health and safety risks managed.	18

ID	Control	Frequency
450	Crematorium inspection and monitoring to reduce the impact of emissions.	18
474	Appropriate ICT solutions are in place to facilitate the sharing of sensitive information/files with external partners/individuals.	18
485	In-house foster carer details are accurately recorded and updated.	18
499	Continued eligibility for a free school meal is monitored and appeals are handled appropriately.	18
548	Payments made for discretionary housing payments are accurate.	18
87	Co-ordinate complaints process.	24
92	Implement the counter fraud strategy	24
121	Procurement of transport routes, goods and services ensures compliance with value for money principles and contract procedure rules.	24
204	Effective internal communication and engagement with employees is achieved.	24
207	The Council maintains positive and effective media relations.	24
223	Effective procurement/commissioning of training and development providers ensures value for money and compliance with contract procedure rules.	24
234	Library stock is adequately recorded, managed and its condition is 'fit for purpose'.	24
293	Remote access to ICT facilities on the corporate network is adequately controlled and secured.	24
355	Up to date and accessible procedures available to support the management of children's case files.	24
377	Effective resource management in schools to provide value for money and maximise outcomes for pupils.	24
462	Provision and upkeep of outdoor public seating and street furniture.	24
498	Appeals against civic enforcement actions are managed appropriately.	24
528	Decisions to award discounts for council tax and rate relief for business rates are appropriate.	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
550	Council Tax support/housing benefit overpayments are managed effectively.	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