

**AUDIT COMMITTEE  
19 JANUARY 2026**

**ITEM NO.**

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**AUDIT SERVICES – ACTIVITY REPORT**

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**SUMMARY REPORT**

**Purpose of the Report**

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

**Summary**

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

**Recommendation**

3. It is recommended that the activity and results be noted and that the planned work is agreed.
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
Rsk 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
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	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
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	100.00
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 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

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.

### Results by Theme

Theme	1 Red	2 Amber	3 Green	Total
Application for a Service/Support	1	8	26	<b>35</b>
Application for an Approval/Permission		3	26	<b>29</b>
Assets		2	20	<b>22</b>
Business Continuity			26	<b>26</b>
Corporate Governance		3	53	<b>56</b>
Finance	5	2	105	<b>112</b>
ICT			23	<b>23</b>
Information Governance	4		38	<b>42</b>
People	6	12	31	<b>49</b>
Performance Management	1		7	<b>8</b>
Procurement/Contracts		2	23	<b>25</b>
Regulatory Services		2	14	<b>16</b>
<b>Total</b>	<b>17</b>	<b>34</b>	<b>392</b>	<b>443</b>

### Assurance by Theme

Theme	Assurance
Application for a Service/Support	85.06
Application for an Approval/Permission	95.10
Assets	94.16
Business Continuity	100.00
Corporate Governance	98.08
Finance	95.47
ICT	100.00
Information Governance	94.20
People	70.00
Performance Management	93.75
Procurement/Contracts	97.03
Regulatory Services	93.75
<b>Total</b>	<b>92.00</b>

### Overall Results

Status	1 Very Low	2 Low	3 Medium	4 High	5 Very High	Total
1 Red	10	7				<b>17</b>
2 Amber	14	12	5	3	<b>34</b>	
3 Green	23	181	115	57	16	<b>392</b>
<b>Total</b>	<b>23</b>	<b>205</b>	<b>134</b>	<b>62</b>	<b>19</b>	<b>443</b>

### Results in Period

Status	2 Low	3 Medium	4 High	5 Very High	Total
1 Red	4	6			<b>10</b>
2 Amber	2	5	3	1	<b>11</b>
3 Green	12	19	16	7	<b>54</b>
<b>Total</b>	<b>18</b>	<b>30</b>	<b>19</b>	<b>8</b>	<b>75</b>

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.

### Recommendations

Service	Agreed	Draft	Implemented	Not Implemented	Risk Tolerated	Total
Adults	1		5			<b>6</b>
Children's Services	3	1	14	1		<b>19</b>
Community Services	5	4	9			<b>18</b>
Economic Growth	6		9		1	<b>16</b>
Education	1		2			<b>3</b>
Housing & Revenue Services	1	1	5			<b>7</b>
Law & Governance			8	1		<b>9</b>
Public Health			3			<b>3</b>
Resources		2	2			<b>4</b>
Strategy, Performance & Communications			4		1	<b>5</b>
Transport & Capital Projects			1			<b>1</b>
Xentral	1	1	4			<b>6</b>
<b>Total</b>	<b>18</b>	<b>9</b>	<b>66</b>	<b>2</b>	<b>2</b>	<b>97</b>

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 achieved our target for this period. Members may recall that we were marginally short of the target in the last period, in terms of the overall position for the year we have completed 177 pieces of work against a pro-rata target of 170.

Stewardship (Coverage)			Stakeholders		
Measure	Target	Actual	Measure	Target	Actual
Adequate Resources	15	15	Reporting	Qtrly	*
Portfolio Coverage	73	75	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	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 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.
15. During 2025 SBC procured a new system designed to manage projects and KPI's, an additional module of this platform relates to Governance, Risk and Compliance, the decision was made to move internal audit work onto this new platform. The existing platform has been in place since 2007 and has not seen any developments for a number of years and is approaching end of life. We are currently in the implementation phase with an expected go live date at the end of January 2026. Whilst we aim to keep disruption to a minimum there is likely to be some

development time required because whilst the system fundamentally follows the existing principles to the current system (i.e. work is focussed around testing individual controls) there are some structural changes required to get the full benefit of the new system. Some of this development work will lead to some changes to reporting which should see some significant improvements.

### **Outcome of Consultation**

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

ID	Control	Frequency
214	Procurement by Legal Services is in line with contract procedure rules and value for money principles.	3
539	Review of care packages for continued suitability, review outcomes are recorded and follow up action taken as appropriate.	3
684	National Fraud Initiative (NFI) matches in relation to Council Tax Reduction Scheme are promptly reviewed and investigations undertaken as necessary.	3
685	National Fraud Initiative (NFI) matches in relation to Housing Benefits Claimants are promptly reviewed and investigations undertaken as necessary.	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
36	Children's cases are reviewed to ensure the type of placement remains suitable, with family reunification considered.	6
49	Children's cases are appropriately supervised with regular discussion and appropriate recording.	6
54	Systems are updated with the relevant referral information.	6
56	Agreements for early years provision are in place and being complied with and monitoring visits are being undertaken.	6
112	Process Council Tax Reduction claims.	6
113	Process Housing Benefit claims.	6
116	Council employed drivers and passenger assistants hold the necessary DBS clearances, licences, qualifications and training.	6
137	Accurate charging and effective income management in relation to civic enforcement activity.	6
142	Staff delivering community alarm services hold appropriate qualifications, training and DBS clearances.	6
145	Public Rights of Way Improvement Plan is in place and progress against this monitored.	6
165	Adult Services has a strategy in place and processes are in place to monitor its delivery.	6
174	Adult Social Care cases are allocated appropriately considering caseloads, complexity, qualification and experience.	6
179	Appropriate service provision has been sourced to meet an Adult Social Care users individual needs.	6
182	Where the Authority has Deputyship/Appointeeship, appropriate authorisation/legal documentation is in place.	6
203	Website and Intranet content is relevant and up to date.	6
218	Posts requiring a DBS check are identified and requirements are in line with legislation.	6
249	Timely and accurate financial assessments are undertaken for service users wishing to take up a service.	6
259	Records relating to Environmental Health cases are appropriately recorded and managed.	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
343	The appointment process is fair, robust and managed effectively.	6
345	All newly appointed employees are subject to an appropriate induction.	6
356	Address patterns of absence and support regular attendance at school.	6
514	An appropriate fee has been received for building control applications.	6
522	Financial assistance to businesses decisions are accurately recorded.	6
526	Changes in circumstances for council tax reduction and housing benefit claimants are processed appropriately.	6
551	Discretionary housing payments are awarded in accordance with the scheme.	6
871	Procurement of museum catering and merchandise stock is undertaken in accordance with contract procedure rules.	6
28	In-house carers within children's residential settings receive appropriate training.	12
76	Ensure accurate monitoring of capital programme and schemes.	12
79	Maintain formula and support for funding schools and high needs.	12
97	Prepare statement of accounts.	12
279	Privileged access to Active Directory administration functionality is appropriately controlled and secured.	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
307	Appropriate access controls are in place to secure the virtualised (on-premise and cloud) environments.	12

ID	Control	Frequency
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
464	Effective commissioning and procurement of public health services and programmes.	12
544	Payment of direct payments is accurate and timely.	12
827	Privileged access to Microsoft 365 administration functionality is appropriately controlled and secured.	12
1520	Compliance with DEFRA funding terms and conditions for grant payments received for the delivery of weekly food waste collections.	12
1530	Compliance with the Homes England policies, procedures and funding conditions.	12
20	Policies and procedures are in place to ensure a child in care's life story is documented.	18
40	School places have been allocated in accordance with admissions policies.	18
59	Allocation of school budgets in line with funding formula.	18
64	Clear acquisition, disposal and revaluation process for land and buildings.	18
75	Ensure accurate in-year financial monitoring	18
89	Development of an appropriate risk assessed H&S audit programme.	18
104	Monitor and support the quality of external contracted adult care provision.	18
120	Costs and demand for Community (SBC) and Passenger Transport (DBC) services are monitored to ensure the best use of resources is applied.	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
228	Venues for events are appropriate.	18
310	HMRC reporting requirements are being complied with.	18
325	Invoice certification procedures should confirm that: goods and services have been received; prices have been checked; discounts have been taken and the invoice has not been paid before.	18
381	Targeted and prioritised support and provision to deliver energy saving schemes and tackle fuel poverty.	18
485	In-house foster carer details are accurately recorded and updated.	18
510	Monitoring is undertaken to ensure compliance with planning decisions and appeals are handled appropriately.	18
527	Records relating to Council Tax Reduction and Housing Benefit are accurate and up to date.	18
548	Payments made for discretionary housing payments are accurate.	18
796	Staff are aware of the confidential reporting/whistleblowing policy and nominated officers have received appropriate training.	18
44	Children's Assessment procedures are comprehensive and up to date	24
87	Co-ordinate complaints process.	24
153	The highways network resilience to extreme events such as weather has been fully established and plans are in place to manage this.	24
157	The authority has an adequate, appropriate and up to date Homeless Reduction and Prevention Strategy in place.	24
188	A Carers strategy is in place and processes are in place to monitor delivery.	24
193	Payments made to providers of employee benefit schemes are accurate.	24
223	Effective procurement/commissioning of training and development providers ensures value for money and compliance with contract procedure rules.	24
239	Contingency arrangements are in place to enable adult education courses and qualification provision to continue in the event of disruption to premises, teaching facilities or staff.	24
265	Street works are licensed, inspected and, where applicable, appropriate charges are issued and collected for overruns/fines.	24
287	An adequate and appropriate software asset and license register/inventory is maintained.	24
288	Sufficient appropriate policing/auditing of software installation/use and licensing compliance is undertaken.	24
308	An appropriate inventory of all significant ICT equipment is maintained. Including servers, PCs, laptops, tablets, etc.	24
340	Early retirement is only granted to an employee in accordance with Council policies and that associated calculations made based on this are accurate.	24
454	Health and safety standards are maintained within our parks and green spaces.	24
460	Security and crime prevention measures are in place in relation to parks and green spaces.	24
462	Provision and upkeep of outdoor public seating and street furniture.	24
479	Up to date and accessible procedures available to support the management of Adult Social Care users files.	24
480	Employee hard copy files are adequately safeguarded.	24
489	School admissions records are accurate and up-to-date.	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
469	Monitoring and evaluation of social media content.	48
550	Council Tax support/housing benefit overpayments are managed effectively.	48