

**AUDIT COMMITTEE**  
**31 JULY 2019**

ITEM NO. ....

---

**ANNUAL GOVERNANCE STATEMENT**

---

**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.
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 2018/19 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) Audit Services’ Annual Report 2018/19 reported to Audit Committee July 2019.
- (v) Annual Audit Letter reported to Audit Committee December 2017 and Cabinet January 2018.
- (vi) Report on Annual Review of System of Internal Audit reported to Audit Committee July 2018.
- (vii) Overview Report on Managers Assurance Statements reported to Audit Committee July 2019.
- (viii) Risk Management Reports to Audit Committee July 2019 and January 2019.
- (ix) Corporate Health and Safety Report to Audit Committee October 2018.
- (x) Darlington Borough Council ICT Strategy 2017.
- (xi) ICT Strategy Progress Reports to Audit Committee September 2017 and March 2018.
- (xii) Information Governance Programme Progress Reports to Audit Committee April 2019.
- (xiii) General Data Protection Regulations (GDPR) Compliance Programme Report to Audit Committee December 2017.
- (xiv) Corporate Governance Update Report to Audit Committee July 2016.
- (xv) Anti-Fraud and Corruption Arrangements Reports to Audit Committee April 2019.
- (xvi) Audit of Accounts Report to Audit Committee July 2019.
- (xvii) Revenue Budget Monitoring Reports to Cabinet July 2018, November 2018 and February 2019.
- (xviii) Project Position Statement and Capital Programme Monitoring Reports to Cabinet July 2018, November 2018 and February 2019
- (xix) Performance Management Framework Reports to Scrutiny Committees.
- (xx) Prudential Indicators and Treasury Management Reports to Audit Committee January 2019 and to Council February 2019.
- (xxi) Annual Review of Significant Partnerships Report to Audit Committee July 2019.

- (xxii) Xentrall Shared Services Annual Report to Cabinet July 2018.
- (xxiii) Ethical Governance and Member Standards Report to Audit Committee October 2018.
- (xxiv) Senior Management Restructure Report to Council January 2018.
- (xxv) Equality Policy And Objective 2018-22 Report to Cabinet March 2018.
- (xxvi) Darlington Borough Local Plan 2016-36: Housing Targets and Local Plan Timetable Reports to Cabinet and Council January 2018.
- (xxvii) Borough of Darlington Proposed Submission Local Plan 2016 – 2036.
- (xxviii) Corporate Plan 2017-2021 to Report Council November 2017.
- (xxix) Investment Opportunities - Update and Request to Increase the Fund report to Cabinet & Council November 2018.
- (xxx) Better Care Fund Report to Adults and Housing Scrutiny Committee Sep 2018.
- (xxxi) Adult Social Care Transformation Programme Report to Adults and Housing Scrutiny Committee April 2018.

Lee Downey: Extension 5451

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	Apart from improvement actions in response to the Ofsted Report on Children's Services there is no specific health and well being impact.
Carbon Impact	There is no specific carbon impact.
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	Apart from improvement actions in response to the Ofsted Report on Children's Services there is no specific efficiency impact.

## ANNUAL GOVERNANCE STATEMENT

### 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 Regulations 2015 in relation to the publication of an annual governance statement.

### 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. It enables the Council to monitor the achievement of its strategic objectives and to 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 2019 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
13. The Audit Committee is responsible for the independent review and approval of the Annual Governance Statement 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. An Ofsted focused visit was conducted on 27 and 28 February 2019.
16. Inspectors considered the Local Authority's arrangements for children who need help and protection, in accordance with the Inspection of Local Authority Children's Services Framework. Specifically Inspectors looked 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.
17. Darlington Children Services were last inspected by Ofsted in March 2018 when the overall effectiveness was judged to require improvement to be good. Since then, a stable and committed leadership team with strong political support, has been successful in establishing and maintaining a stable and motivated workforce.
18. Performance data is comprehensive and quality assurance processes are showing signs of improvement, demonstrating that most children are seen regularly by their social workers but are needed to be seen alone more frequently.
19. In urgent and high risk situations, progress has been sustained. Children are seen quickly to ensure their safety. Assessments continue to be completed within timescales set out by national guidelines, and children's plans are regularly reviewed and updated. The quality of direct work with children is improving, but it is not always evidencing positive impact for all children.
20. Independent Reviewing Officers have become more effective since the last inspection. They appropriately challenge workers and managers to help progress plans and reduce

delay for children. When insufficient progress is being made, or if risk is increasing, social workers progress children's cases swiftly into the public law outline process.

21. Whilst social work practice is improving, the quality of work remains variable. Frontline management oversight is frequent but is not consistently providing clear direction or challenge to social workers.
22. 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.
23. The Local Authority operates four children's residential provision, all of whom have been inspected by Ofsted since April 2018 and are judged to be Good.

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

24. The focus of the Council's corporate planning process is on delivery of priorities within the Sustainable Community Strategy (SCS), One Darlington Perfectly Placed, and the three conditions considered necessary to bring about delivery of the vision. The Sustainable Community Strategy has been reviewed during the past 12 months leading to the creation of the new [Fairer, Richer Darlington](#) Charter. During 2019/20 our intention is to realign the corporate plan with the charter.
25. The current Corporate Plan (2017/21) was approved by Council in November 2017 and provides a clear link between the SCS and the corporate policy framework, and includes a range of measures of success that are grouped into target and tracker indicators.
26. Delivery of the SCS and corporate plan is via a series of underpinning strategies and delivery plans. A Performance Management Framework (PMF) is used to help measure delivery against the SCS and corporate plan, and is based on a suite of performance indicators with targets and actions relevant to the locally determined outcomes.
27. During 2018/19 a new performance data system (PDS) was developed to replace a complex spreadsheet for holding data and generating performance scorecards. The new bespoke system addresses a number of issues associated with the spreadsheet such as usability and simultaneous access and will be fully rolled out during Q1 of 2019-20.
28. During 2018/19 performance reporting primarily took place via clinics with the Managing Director and scrutiny groups on a quarterly basis. Moving into 2019/20 most services will report performance on a 6 monthly basis to the Managing Director and scrutiny committees, with an additional high level report going to Cabinet in relation to performance against the corporate plan.

### **Transformation Programme**

#### **Children's Transformation**

29. The focus of the Children's transformation programme continues to be centred on achieving savings as determined by the MTFP and improvements to service delivery.

The programme has been reviewed and additional projects have commenced with the view to preventative work and reducing costs of looked after children's placements.

### **Adults Transformation**

30. Significant progress has been made in delivering the Adults programme and several projects are now complete and have become business as usual. There continues to be a focus on developing a sustainable operating model that is best placed to respond to the challenges and maximise the opportunities that face the sector. A central theme of the programme continues to be the adoption of strength based approaches that prevent, reduce and delay the need for formal support. This approach promotes the independence and quality of life of adults living in our communities.
31. The Adults programme is centred on the delivery of four strategic themes: managing demand, maximising independence, self- directed support and a cost effective and sustainable market. The programme seeks to deliver these themes by adopting and embedding 'best in class' practice models.

### **Education Transformation**

32. 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 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.
33. 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.

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

34. Darlington has a shared, agreed vision for a sustainable health and social care economy articulated in the Health and Wellbeing Plan, and derived from the [SCS, One Darlington Perfectly Placed](#), which serves as Darlington's Health and Wellbeing Strategy.
35. The BCF Plan 2019/20 builds on 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".
36. The BCF is pooled under a section 75 agreement, and overseen by the Pooled Budget Partnership board. Delivery is overseen by a Delivery Group comprising Darlington Clinical Commissioning Group (CCG) and the Council, and a Transfers of Care Delivery Group, which has a membership including County Durham and Darlington Foundation



Trust (CDDFT), 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.

### **Additional Improved BCF Grant**

37. 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. 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.
38. The new grant funding has been used to offset expenditure on current pressures and demand to ensure sustainability while the service undergoes transformation, also funded through iBCF.

### **Health and Safety Policy**

39. 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.
40. A full review of the Corporate Health and Safety Policy was carried out in 2017/18. However as a result of changes to the Council's senior management structure in June 2018, in particular the merging of the Chief Executive and Director of Resources positions to form a new Managing Director role, the policy required a further review.
41. The Corporate Health and Safety Policy 2018 was then issued to staff through the Academy 10 e-learning system and paper copies given to employees without access to a work computer.
42. The General Statement of Intent 2018 poster also received its annual review. The Statement is signed by the Managing Director and Leader of the Council and Efficiency and Resources Portfolio and displayed in council workplaces.

### **Equalities Policy**

43. 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.

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

44. The production of the Local Plan is currently paused to allow further traffic modelling. Once this modelling is completed a revised timetable for advancing the Local Plan (the Local Development Scheme) will be presented to Cabinet.

45. In January 2018 Council also 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.
46. 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 2019 (with adoption likely in 2020). A revised timetable will be considered by Members for approval in July 2019.

### **Managers' Assurance Statements**

47. Annual Managers' Assurance Statements (MAS) are an integral part of the framework that supports production of the Annual Governance Statement.
48. 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 July 2019.
49. Generally the review of the 2018/19 MAS has identified an overall positive position. The common improvement theme highlighted in 2017/18, to be progressed during 2018/19 was the need to review and test Business Continuity Plans for identified priority service areas. These are now in place for the majority of services.
50. While there were no common improvement themes highlighted in the 2018/19 MAS other matters raised included ensuring inventories are up to date, robust information management arrangements are in place and ensuring officers are fully aware of risk and financial management processes and the role and responsibilities of the Monitoring Officer and Section 151 Officer.

### **Financial Management**

51. The Council's 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 Medium Term Plan, annual budgets and council tax are developed in consultation with partner organisations in all sectors, residents and employees and are approved by full Council.
52. The Council continues to face a significant financial challenge and since 2010 has agreed reductions in planned expenditure in real terms of over £57m. The Local Government Finance Settlement for 2019/20 has further reduced comparable government funding, with an overall reduction of £45.7m in real terms since 2010/11, which is projected to rise to £50m by 2022/23.
53. The Council undertook a significant consultation exercise in 2016 following an in-depth and detailed review of all services which resulted in the agreement of a Core Offer budget by Council on 29 June 2016.
54. The Core Offer budget remains extremely challenging with additional pressures having arisen and a number of savings still to be delivered over the life of the MTFP. Nevertheless, through innovative financial investments, increased income and release

of redundant earmarked reserves, the Council can still deliver the agreed balanced MTFP, extend the MTFP, and have also identified a further £0.6m to add to the £4.1m Futures Fund for investment in services across the life of the MTFP.

55. 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.
56. 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 Efficiency and Resources Scrutiny Committee to enable them to monitor and scrutinise financial performance and service delivery.
57. 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.
58. 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 2019. The Council manages its investments to minimise risk of losses, ensure funds are available when needed and achieve interest income.
59. 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**

60. 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.
61. The counter fraud arrangements are subject to annual review and the revised strategy was reported to the Audit Committee in April 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.
62. 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**

63. 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.
64. 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' (group) 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.
65. The approach to, and the outcomes from, the Council's annual risk management processes for 2018/19 were reported to the Audit Committee in July 2019. The report detailed generally positive progress upon delivery of action plans to mitigate key risks including those relating to the delivery of the Council's information governance agenda, which is mentioned in more detail elsewhere in this statement. The report also outlined advances in the management of operational risks.

## **ICT**

66. 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.
67. 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.
68. The progress report to the Audit Committee in October 2018 documented positive progress across each of the three key programmes. This included reference to:
  - Continued compliance to the Payment Card Industry Data Security Standards.
  - Achieving Full Assurance for a number of internal audits (Cloud Computing, Outlook Email, ICT Backup & Recovery and Disaster Recovery, Change Control, Firewalls).
  - Following external BSI audits, successful re-certification both the Quality Management System standard ISO9001 and the Information Security Management System standard ISO27001.
  - Continuing to progress with the major project of implementing Microsoft Office 365 as the Council's future desktop platform and a part of this programme, the Council's email system has been successfully migrated.
  - Continuing to assist colleagues in Xentrall HR with a major procurement and implementation of the replacement for the Council's HR and Payroll system.
  - Completion of a project to increase the resilience of the Council's Wi-Fi service.
  - Upgrades to various security systems including full disk encryption on laptops and tablets.

- Final completion of the upgrades to the Council's network, prior to negotiation of a new contract.
69. 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.

### **Information Governance**

70. 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.
71. 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.
72. The update report to the Audit Committee in April 2019 (postponed) noted the Council has now implemented its GDPR compliance programme, with the exception of completing a review of CCTV to ensure it is compliant with the GDPR, the advice of Surveillance Camera Commissioner and reasonable expectations of privacy. This work is ongoing.
73. While the Council has now implemented the vast majority of its GDPR compliance programme it must be recognised that the data processing activities of the Council continually evolve and Information Asset Registers (IAR), Privacy Notices and Information Sharing Agreements (ISAs) are live documents that require periodic review to ensure they accurately reflect the Council's processing activities.
74. The report also detailed the security measures Xentrall has put in place to ensure emails can be sent securely following the Government's withdrawal of the GCSx email service.

### **Capital Project Management**

75. 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.
76. 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.

77. 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.
78. Further enhancement to the project management systems are underway and a proprietary system is being considered within Xentrall's ICT Work Programme. Once installed and tested a roll-out will be scheduled with a refresh of the methodology and training on use of the electronic system.

### **Internal Audit**

79. The Council's Internal Audit Division operates to the UK Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note.
80. 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.
81. Internal Audit concluded in their Annual Report for 2018/19, reported to the July 2019 Audit Committee, that overall the Council continues to operate within a control environment that is generally sound.
82. 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.
83. The Audit Charter and Audit Plan 2019/20 for the Internal Audit Shared Service were intended to be approved at the April 2019 Audit Committee and its Quality Assurance and Improvement Process noted, however the meeting was postponed.

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

84. An annual 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.
85. The review team concluded that the Council has an effective system of internal audit.

### **Xentrall-Shared Service Partnership**

86. A shared service partnership was established in May 2008 with Stockton Borough Council for the provision of ICT, Transactional Finance and HR and Print and Design. Stockton Borough Council is the host authority.

87. The partnership is now in its eleventh year. The original business case identified a number of efficiencies and developments to be delivered and initial savings of £7.4m over the original ten year period. Xentrall has delivered all of these plus additional efficiencies and benefits and has now achieved over £14m of savings. At the same time the quality and performance of services have improved, with both customer and staff satisfaction increasing.
88. As a result of the ongoing success of the partnership in achieving savings and sustaining service performance, Cabinet, in April 2015, approved a variation to the original ten year agreement making it a continuing agreement with no defined end date but retaining the 12 month notice termination clause.

### **Partnership Working**

89. 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.
90. 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 July 2019.
91. 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.
92. 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.
93. 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 is monitoring this issue closely.

### **Joint Ventures**

94. 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.
95. 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).

96. Four 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.
97. 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**

98. In 2018/19 there were eight complaints received against Members.
99. All of the complaints concerned Borough Council Members and there were no complaints received about the conduct of Parish Councillors.
100. 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.
101. 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. In terms of complaints handling, seven of the complaints were dealt with by other action and one by investigation.
102. 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. Update reports about member standards issues and also ethical indicators were presented to the Audit Committee in October 2018. An update was planned for April 2019 but the meeting was postponed. No particular issues of concern arose from variations in the indicators.
103. Refresher Training sessions on the Code of Conduct were delivered for Members (sessions were held in May, June and October 2018, as well as some individual sessions with Members) in accordance with Mandatory training requirements for Members (training required on the Code of Conduct every two years). Two mandatory training sessions were held in May and June 2019 following the local elections. For Parish Councillors two training sessions were held in June 2018, and a further session in June 2019.
104. Members are reminded to update their register of interests forms on an annual basis. This was referenced at the Code of Conduct training sessions. Copies of the current Members Interests were circulated with a Guidance Note to assist Members to review and update. The updated forms have been published on Council's website.
105. Parish Councils, Members Interests Forms are also published on the Borough Council's website and are updated following co-option of Parish Members.
106. 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.

### Efficiency and Resources Scrutiny Committee

107. Scrutiny forms an important part of the Council's governance arrangements by providing independent examination of executive roles. The Efficiency 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.
108. During 2018/19 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 2019 to inform their deliberations. Efficiency 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.

### External Audit

109. The Council's external auditors Ernst and Young LLP (EY) are expected to give an unqualified opinion on the Council's 2018/19 accounts by the target date of 31 July 2019.
110. 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.
111. EY review the Annual Governance Statement 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.
112. 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 2019/20

113.

No.	Action	Responsible Officers
1	Work with the new Council to refine current plans and priorities	Managing Director Directors
2	Manage risks within the MTFP to ensure continued financial sustainability of the Council	Managing Director Directors Assistant Director, Resources (S151 Officer)
3	Work with Partners to look at new approaches to improving outcomes for children at risk of becoming	Managing Director Director of Adult and

	Looked After	Children's Services Assistant Director, Children's Services
4	Implement the recently approved Special Educational Needs Strategy	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
6	Work with Darlington Partnership to implement the Fairer, Richer Darlington Charter	Managing Director Directors

## Conclusion

114. 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

Dated \_\_\_\_\_

Signed \_\_\_\_\_  
Managing Director

Dated \_\_\_\_\_

## 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
Sustainable Community Strategy		✓	✓	✓			✓
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	✓	✓	✓	✓	✓	✓	✓

<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
Toolkit							
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		✓	✓			✓	

<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
Methodology							
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		✓	✓	✓			

<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
Business Continuity Plans		✓				✓	
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	<p>Indicators relating to equalities to be included in Performance Clinics with Managing Director.</p> <p>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.</p>	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 Housing, Health and Partnerships.</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 will need to be 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 completed 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. Officer/Member Training.	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 Audit 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>
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 by DBC Directors with Legal,	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>
		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 management of the	Chief Officers Executive	Chief Officer Executive Agendas/Minutes and supporting	Internal Audit support/contribute to delivery	Reports to Cabinet and Scrutiny as appropriate.

<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>
transformation agenda.		documentation.	of the Transformation Programme as relevant.	
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 Health function and	Director of Public Health	Public Health Work Plan. Health and Wellbeing Strategy. Director of Public Health's Annual Report.	Public Health function subject to periodic Internal Audit review as part of the cyclical audit process.	Regular reports to Health and Wellbeing Board and Health and Partnerships Scrutiny Committee.

Risk	Assurance Provider	Sources of Assurance	Links to Internal Audit Work Plan	Reporting to Members
responsibilities.				
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.