



Audit Committee

Date **Thursday 29 November 2018**
Time **10.00 am**
Venue **Committee Room 1B - County Hall, Durham**

Business

Part A

**Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement.**

1. Apologies for absence
2. Minutes of the meeting held on 30 September 2018 (Pages 3 - 6)
3. Declarations of interest, if any
4. IFRS Update - Presentation from Finance Manager, Commercial, Capital & Treasury
5. Transformation Overview - Presentation from Head of Transformation (Pages 7 - 24)
6. External Audit Progress Report - November 2018 - Report of External Auditor (Pages 25 - 36)
7. Local Code of Corporate Governance - Report of Corporate Director of Resources (Pages 37 - 68)
8. Strategic Risk Management - Progress Report for the quarter ended 30 September 2018 - Report of the Corporate Director of Resources (Pages 69 - 82)
9. Internal Audit Progress Report for the quarter ended 30 September 2018 - Report of Chief Internal Auditor and Corporate Fraud Manager (Pages 83 - 100)
10. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration
11. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information

Part B

Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information)

12. Internal Audit Progress Report for the quarter ended 30 September 2018 - Report of Chief Internal Auditor and Corporate Fraud Manager (Pages 101 - 120)
13. Protecting the Public Purse - Activity Update as at 30 September 2018 - Report of Chief Internal Auditor and Corporate Fraud Manger (Pages 121 - 176)
14. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration

Helen Lynch

Head of Legal and Democratic Services

County Hall
Durham
21 November 2018

To: **The Members of the Audit Committee**

Councillor E Bell (Chairman)
Councillor J Rowlandson (Vice-Chairman)

Councillors C Carr, J Carr, J Clark, J Nicholson, J Robinson,
J Shuttleworth and O Temple

Co-opted Members:

Mr C Robinson and Mr I Rudd

Contact: Jackie Graham

Tel: 03000269704

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in Committee Room 1A - County Hall, Durham on **Friday 28 September 2018 at 11.00 am**

Present:

Councillor E Bell (Chairman)

Members of the Committee:

Councillors C Carr, J Clark and O Temple

Co-opted Members:

Mr C Robinson and Mr I Rudd

Also Present:

Councillor Joan Nicholson

1 Apologies for absence

Apologies for absence were received from Councillors J Rowlandson, J Carr, J Robinson, S Robinson and J Shuttleworth

2 Minutes

The minutes of the meeting held on 31 July 2018 were confirmed as a correct record and signed by the Chairman, with the exception that resolution under Item 9 read year ended 2018 and not 2017.

The Chief Internal Auditor and Corporate Fraud Manager advised that information on local public accounting committees was being monitored and would be reported back to Committee.

3 Declarations of interest

Declarations of interest were provided by Members of the Committee. A general declaration of interest would be recorded given that Members were school governors, members of various Committees of the Council, former District Councillors and bodies such as the Fire Authority.

4 Co-opted Members to the Audit Committee

The Committee considered a report of the Corporate Director of Resources regarding the continued appointment of the co-opted members to the Committee and for recommendations to be made to Council (for copy see file of Minutes).

The co-opted members were happy to continue in the posts and the Committee was supportive for them to do this.

Resolved:

That the appointment of the current co-opted members be extended 30 April 2023.

5 Annual Audit Letter 2017/18

The Committee received the Annual Audit Letter 2017/18 from Mazars summarising the 2017/18 audit of Durham County Council and Durham County Council Pension Fund (for copy see file of Minutes).

Mr Collins, Mazars explained that it was a large exercise of work to obtain information on the new IFRS 16 (International Financial Reporting Standard). The Corporate Director of Resources provided assurances that a lot of work was ongoing and that he would provide an update to the Committee about the key aspects involved in the process.

Referring to the Aykley Heads site, Mr Robinson asked if talks were ongoing with Assets about the valuation. The Corporate Director of Resources assured him that the processes were in place.

Mr Rudd referred to the high risk of valuations in the Auditor's report and asked for a summary about the issues at hand. The Corporate Director of Resources explained that the issue was about the indexation of asset valuation and the previous year was regarding floor space. He assured the Committee that the appropriate processes were in place. Mr Kirkham, Mazars added that the 2017/18 issue was relating to market data.

Resolved:

That the contents of the annual audit letter and report be noted.

6 Internal Audit Progress Report Period Ended 30 June 2018

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which informed members of the work carried out by Internal Audit during the period 1 April 2017 to March 2018 as part of the 2017/2018 Internal Audit Plan (for copy see file of Minutes).

The Audit and Fraud Manager highlighted the movements in the plan, removed audits and unplanned reviews added to the plan. The Committee were advised that 24% of the total plan had been delivered, exceeding the target of 22.5%. There had been 2 audits finalised in the quarter that had been issued a limited assurance opinion. With reference to the survey response rate an average score of 4.5 out of 5 was given from service groupings. The summary of progress on the actions due were highlighted and members were informed that 97% of actions had been implemented.

Mr Robinson was assured that the overspend for Children and Young People's Services was closely monitored through the MTFP and budget monitoring. An

understanding of the challenges faced by the service and specific controls were in place looking at the wider implications. The Corporate Director of Resources advised Members advised that this was a national issue but that the authority were looking at what drives the demand for the service. The Chief Internal Auditor and Corporate Fraud Manager added that there was a focus from Internal Audit on attention to budget management and the team were working closely with transformation colleagues to ensure controls were in place.

Councillor Clark asked if service areas were closely monitored with regards to overdue actions, although she was aware that different types of audit were carried out for some services. The Chief Internal Auditor and Corporate Fraud Manager said that his team helped to support managers and the council to achieve their objectives and whenever a service area was struggling to hit a target date, attention was focused to help them achieve this.

Resolved:

- (i) That the amendments made to the 2018/2019 Annual Internal Audit Plan, be noted.
- (ii) That the work undertaken by Internal Audit during the period ending 30 June 2018, be noted.
- (iii) That the performance of the Internal Audit Service during the period, be noted.
- (iv) That the progress made by service managers in responding to the work of Internal Audit, be noted.

7 Exclusion of the public

Resolved:

That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 2 and 3 of Schedule 12A to the said Act.

8 Internal Audit Progress Report Period Ended 30 June 2018

The Committee considered Appendices 6 and 7 of the report of the Chief Internal Auditor and Corporate Fraud Manager which detailed the actions agreed by managers in response to internal audit recommendations that were outstanding (for copy see file of Minutes).

Members were advised that there were two audits finalised in the quarter that had been issued with a limited assurance opinion. In addition, during the period two follow up audits had been completed.

Resolved:

That the report be noted.

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Transformation Overview

Audit Committee

29 November 2018

Andy Palmer

Head of Transformation



Objectives

- Have redesigned our services to better meet people's needs at reduced cost to the Council.
- Have become renowned for our skilled and flexible workforce and our employee engagement
- Have helped communities become more self-reliant and resilient
- Have moved our partnership working from good to great

Inspiring Change

- Invest in new IT systems throughout the Council
- Empower people to modernise and simplify business processes
- Redesign services in localities to meet community needs
- More commercial activity to support social objectives



Inspiring People

- Council wide investment in staff training and development
- Review the Council's HR policies and procedures
- Adopt the new values and behaviours
- People empowered to be advocates of change
- Identification of talent and succession planning



Inspiring Places

- Develop a new Headquarters in Durham City
- Modernise and refurbish the Council's strategic sites
- Introduce more flexible ways of working
- Remove the reliance on paper based process and increase the use of technology
- Review the Council's entire property portfolio consolidating services wherever possible



Transformation Programme so far

- Cabinet Member for Transformation
- Series of process reviews and replacement SSID in both Children's and Adult Services underway,
- Greater focus on digital customer led services, and examples of new commercial services and sustainable income generation
- Slimming down strategic core, unitised central services
- Cultural change values and new behaviours identified by Transformation Board, EMT, Strategic Managers & staff survey,
- New approach to organisational development, training and skills development workforce planning, and apprentice programme underway
- Cabinet decision to vacate Aykley Heads and build new HQ in Durham City
- Significant progress in modernising Council buildings and progress in more efficient mobile ways of working. Crook office open for business.
- Internal Council processes analysed working with staff across the Council to identify improvements.

Inspiring Change Projects

- Council wide review of Business Support.
- Programme of business process improvement reviews.
- New Council wide ICT systems, Office 365 and ResourceLink.
- Implement new Liquidlogic system in Children's Services with new business processes.
- Review processes in Adult Health and Social Care ahead of SSID replacement (Azeus).
- Review of performance management, digital business intelligence and customer insight systems.
- Review of area based services against community needs.
- Property and asset review, one public estate.
- Health and Social Care Integration.
- Sustainable income through increased commercial activity.

Inspiring People Projects

We are doing this through:

- Promoting values of: being outcome focused, people focused, empowerment and innovation.
- New behaviour framework and training
- Renewed focus on training development.
- Digital HR systems and a review of all policies.
- Expand the Council's apprentice programme.
- Digital and mobile working practices.
- Cultural audits and team agreements for new ways of working
- Over 350 Advocates for Change to promote transformation in the workplace.

Inspiring Places Projects

- HQ move to vacate Aykley Heads for investment and redevelopment, locating 6,000 high quality jobs.
- Develop smaller new HQ at Freemans Quay on Sands Car Park
- Strategic Sites modernisation (Crook, Spennymoor, Seaham, Meadowfield).
- Profiling of teams, reduction of storage and preparation for new ways of working
- Refreshed organisational fit to promote greater collaboration of teams and services.

Inspiring Change – Coming up

Digital Customer – Other projects

- Integrated Customer Service Model continues.
- Service based locality model continues.
- Point of Sale (Culture & Sport) system procurement commenced.
- Eckho telephony voice recognition pilot commenced.
- Digital consultation closes 25 November 2018.

Coming soon

- Members Portal.
- Register an interest on line.
- Animal licences on line.
- Economic development forms online.
- Taxi licenses online.
- Trade waste system implementation.
- Pest control commercial on line.
- Online appointments.
- Procurement Initiation Request Form.

Inspiring Change – Coming up

Children's Social Care Transformation – Liquidlogic

- The Liquidlogic 'Go Live' date is 1st February 2019
 - An extensive staff training programme has started including e-learning and classroom based learning.
 - A detailed plan for the 'Go Live' period is being developed with each part of Children's Social Care and Early Help.
 - The final round of system testing starts in late November 2018 - it provides a final opportunity to check the system meets staff needs and the accuracy of the data migration.
 - Automated Performance Reporting is being developed with Corporate Performance Team. External expertise is also being sought to assist this work.
 - A parallel run has been undertaken to compare the payments made through Liquidlogic with those made through SSID.
- Planning for Phase 2 (online portal, mobile working, online foster carer payments) is ongoing.

Inspiring Change – Coming up

Business Support Project

- Alignment of staff into new service.
- Service offer and permanent structure.
- New processes and efficiencies

Business Intelligence –Performance Management Framework

- Improvements underway:
 - Monthly Scorecard for Children’s Social Care.
 - Weekly Exceptions email for Children’s Social Care.
 - Real-Time Management Information portal.
- Work with key service areas to consider opportunities to streamline processes, reduce waste and linked efficiencies.

Inspiring Change – Coming up

Commercialisation - Recent commercial activity approved

- Drum Industrial Estate – development delayed due to Technimark concerns.
- Milburngate – awaiting confirmation of funding approval. Planning Committee in December 2018.
- ARCH building purchase – awaiting feedback from Northumberland CC.
- Strategic Employment Site Business Case – design of development progressing.

Inspiring Change – Coming up

Commercialisation - Commercial activity planned or under consideration

- Bishop Auckland Cinema.
- Integra Business Park.
- Jade Business Park.
- Property Fund – watching brief on Brexit impact upon property prices.
- Income Reviews/School SLA Review.
- NEPO Review of Regional Energy Company.
- Station Place at Merchant Park.
- Prince Bishop Head Lease.
- Bus shelter purchase to drive advertising income.
- Fram Well development.

Inspiring People – Coming up

Change Advocates

- Advocates are helping to support staff through change. Next Advocate seminar will take place on 5 February 2019. The seminar will cover the Business Support Review and the new HQ.

Leadership Development

- Feedback from the Transformation ‘Enact’ Sessions is being incorporated into the work on leadership development and culture change.
- The following Leadership Sessions for tiers 4 and 5 are due to take place:
 - Managing people and performance – from October 2018 – March 2019.
 - Coaching as a management style – from October 2018 – February 2019.
 - Courageous Conversations – from November 2018 – February 2019.
 - Influencing Change – November 2018.
 - Mental Health Awareness for Leaders – December 2018.

Inspiring People – Coming up

HR Policies review

- Roll-out to staff of the revised Attendance Management Policy is imminent.

HR Policies still to consider:

- Smarter Working Policy.
- Stress Toolkit.
- Recruitment.
- Restructuring and Redundancy.

Other initiatives in progress are:

- Leadership and Management Development Strategy.

- Health and Wellbeing Strategy.
- Roll out of the new Code of our Values, Behaviours and Conduct.
- Talent Management Programme, (including succession planning).
- Corporate Workforce Development Plans.
- Member Development Plan.
- Senior Manager Review.
- Employee Engagement and Recognition.

Inspiring People – Coming up

E-enabled ResourceLink Priorities

- PDR sessions with Leaders have outlined changes required of the system.
- On line payslips to be extended to Members.
- Return to Work and Absence Management E-forms in development.
- Replacement of MyWorkforce with MyView Manager functionality.
- Integration of ResourceLink with Totora and Cohort.
- Case management (Disciplinary and Grievances) – digitised system with 24/7 access to log queries on the HR Portal.
- Data-base cleansing and implementation of ResourceLink Reporting Services (to supplement / replace BI).
- Onboarding – Phases 2 and 3.
- MyView Dashboard – Options paper about employee photographs and audit about standard journeys re: mileage claims.

Inspiring People – Coming up

Strategic sites and HQ

- Development of decant arrangements whilst Green Lane is refurbished to be progressed
- The Crook post-occupancy survey report will be available in December 2018.

Culture Workshops

- 30 sessions are planned to take place between October 2018 and January 2019.
- Team Agreements will be developed with Green Lane teams during the decant phase.

Inspiring Places – Coming up

Crook Strategic site

- Inspiring People Premises User Group meetings at Crook will be held bi-monthly.
- Develop a suite of adapted standard chairs and a desk height solution.

Spennymoor Green Lane

- Internal review of 'options list' – confirmation of preferred design layout option and scope.
- Approval to commence RIBA Stage 3.

Meadowfield

- RIBA Stage 2 proposal by January 2019.

HQ

- Separate presentation on agenda

Conclusion

- Integrated programme of change underway.
- Renewed focus on Organisational Development being implemented through cultural change and learning and development.
- Investment in new digital systems, with an increasing number of services available on-line.
- Renewed business processes and programme of reviews in the pipeline.
- HQ and premises modernisation well underway.

Audit Committee



29 November 2018

External Audit - Progress Report – November 2018

Report of the External Auditor

Purpose of the Report

1. This report requests that the Committee note the external auditor's progress report on the external audit of Durham County Council to date.

Background

2. The report sets out an update of the work completed by Mazars (external auditor) in respect of the following:
 - Summary of Audit Progress; and
 - National Publications and other updates.

Summary of Audit Progress

3. The report details the progress to date on the 2018/19 external audit.

National publications and other updates

4. This section provides an update on other areas that Members of the Audit Committee may find useful.

Recommendation

5. The Committee is requested to note the contents of the external auditor's progress report.

Contact: James Collins

Tel: 0191 383 6331

Appendix 1: Implications

Finance

No direct implications as a result of this report.

Staffing

None

Risk

None

Equality and Diversity/Public Sector Equality Duty

None

Accommodation

None

Crime and disorder

None.

Human rights

None

Consultation

None

Procurement

None

Disability Discrimination Act

None

Legal Implications

None

Audit progress report

Durham County Council

November 2018





CONTENTS

- 1. Audit progress**
- 2. National publications**

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1. AUDIT PROGRESS

Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditor.

Audit progress

This is our first progress report in respect of the 2018/19 audit year.

Since the last meeting of the Committee we have:

- arranged to meet with finance in respect of planning for the 2018/19 audit; and
- continued with our regular meetings with senior management and review of agenda papers and minutes, to inform our risk assessments for our 2018/19 audit.

We will present our Audit Strategy Memorandum to the Committee for discussion at its next meeting (February 2019).

Our planning work is on track, and there are no significant matters arising from our work that we are required to report to you at this stage.

Certification of claims and returns

As Members will be aware, the Council is required by funding bodies to arrange independent certification of a range of grant claims and returns.

Work on claims and returns since our last update includes:

- 2017/18 Teachers Pension Return; we agreed an engagement pack with management, the fee being £4,900 plus VAT, and our work was undertaken in October 2018; ahead of the Teachers' Pension deadline of 30 November 2018. There are no significant issues arising from the work to bring to your attention.

Our work on the Council's Housing Benefit Subsidy claim is proceeding as expected in order to certify the claim by the DWP deadline of 30 November 2018. We will report findings from this work to the Committee at its next meeting.

2. NATIONAL PUBLICATIONS

	Publication/update	Key points
National Audit Office (NAO)		
1.	Exiting the EU	The NAO has published a number of reports on the exit from the EU during 2018.
2.	Departmental overview – Ministry of Housing, Communities and Local Government	Focus on three key areas: financial sustainability; housing and homelessness; and devolution and reorganisation.
3.	Departmental overview – Local authorities	The main body of the report covers: financial sustainability, housing and homelessness, and adult social care.
Chartered Institute of Public Finance and Accountancy (CIPFA)		
4.	Statement expressing concerns with Councils funding commercial investment through borrowing	CIPFA statement and link to article.
5.	Local Authority Leasing Briefing 3	Key issue for local authorities and statement of accounts.
Public Sector Audit Appointments Ltd (PSAA)		
6.	Report on the results of auditors' work 2017/18: Principal local government and police bodies	Durham County Council met the deadline. Report notes encouraging results across the country.
7.	Consultation on 2019/20 scale of fees for opted-in bodies	2019/20 fees proposed to remain the same as 2018/19 for Durham County Council.
8.	Oversight of audit quality, quarterly compliance reports	No significant issues.
9.	Mazars Annual Regulatory and Compliance Report 2017/18, Public Sector Audit Appointments Ltd, July 2018	For information

2. NATIONAL PUBLICATIONS

1. Exiting the EU, National Audit Office

The National Audit Office has produced a number of publications on the UK's exit from the EU, including:

- The UK border: preparedness for EU exit;
- Department for Environment, Food and Rural Affairs;
- Department for Transport;
- Consumer protection, competition and state aid; and
- Exiting the EU: the financial settlement.

https://www.nao.org.uk/search/pi_area/exiting-the-eu/type/report

2. Departmental overview: Ministry of Housing, Communities and Local Government (MHCLG), National Audit Office

The Departmental Overview is designed to provide a quick and accessible overview of the Department and its performance over the last year. The report focuses on the Department's responsibilities setting out how it is structured, how it spends its money, and its major programmes. It also covers key developments in its areas of work, including exiting the European Union, and findings from recent NAO reports.

The main body of the report focuses on three key areas: financial sustainability; housing and homelessness; and devolution and reorganisation. The report concludes by setting out future developments, risks and challenges impacting on MHCLG.

The report also includes a section on the Department for Exiting the EU (pdf page 8).

<https://www.nao.org.uk/report/departmental-overview-ministry-of-housing-communities-and-local-government-2017-18/>

3. Departmental overview: local authorities

The report summarises the work of local authorities, including:

- what they do and how they are organised;
- the system of accountability;
- where they get their funding and how they spend their money; and
- major programmes and developments across local authorities' main business areas and services.

The main body of the report covers: financial sustainability; housing and homelessness; and adult social care.

The overview addresses further developments in the sector, including those on 'fair funding', empty homes and the government's new Rough Sleeping Strategy will be driven by local authorities. It draws attention to the synergies required across local authorities and with MHCLG for the successful implementation of these programmes.

<https://www.nao.org.uk/report/departmental-overview-local-authorities-2017-18/>

2. NATIONAL PUBLICATIONS

4. Statement expressing concerns with Councils funding commercial investment through borrowing, CIPFA

The Committee may be interested to note the CIPFA statement issued recently expressing concerns around commercial investment. The statement raises concerns with potential practices related to borrowing to fund commercial investment. CIPFA confirm in the statement that they will be issuing further guidance on the issue shortly.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/statement-from-cipfa-on-borrowing-in-advance-of-need-and-investments-in-commercial-properties>

<https://www.publicfinance.co.uk/news/2018/10/cipfa-warns-councils-over-serious-commercial-activity-concerns>

5. Local Authority Leasing Briefing 3, CIPFA

This briefing focuses on discount rates, lessor accounting, disclosure requirements, concessionary leases – lessees and the measurement of the service concession arrangement (PFI/PPP) liability.

<https://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/cipfa-lasaac-local-authority-code-board/local-authority-leasing-briefings>

6. Report on the results of auditors' work 2017/18: Principal local government and police bodies, Public Sector Audit Appointments Limited

The report covers the timeliness and quality of financial reporting, auditors' local value for money work, and the extent to which auditors used their statutory reporting powers at 495 principal local government and police bodies for 2017/18.

For 2017/18, the statutory accounts publication deadline came forward by two months to 31 July 2018. This was challenging for bodies and auditors and it is encouraging that 87 per cent of audited bodies received an audit opinion by the new deadline.

The number of qualified conclusions on value for money arrangements looks set to remain relatively constant. It currently stands at 7 per cent (32 councils, 1 fire and rescue authority, 1 police body and 2 other local government bodies) compared to 8 per cent for 2016/17, with a further 30 conclusions for 2017/18 still to be issued.

All the opinions issued to date in relation to bodies' financial statements are unqualified, as was the case for the 2016/17 accounts. Auditors have made statutory recommendations to three bodies, compared to two such cases in respect of 2016/17, and issued an advisory notice to one body.

The most common reasons for auditors issuing non-standard conclusions for 2017/18 were:

- the impact of issues identified in the reports of statutory inspectorates – 16 bodies;
- corporate governance issues – 12 bodies;
- financial sustainability concerns – 6 bodies; and
- procurement/contract management issues – 5 bodies.

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

2. NATIONAL PUBLICATIONS

7. Consultation on 2019/20 scale of fees for opted-in bodies, Public Sector Audit Appointments Ltd

Public Sector Audit Appointments (PSAA) has published its consultation on the 2019/20 scale of fees for principal local government bodies that have opted into the appointing person arrangements.

The consultation proposes that scale audit fees for 2019/20, the second year of the five-year appointing period, should remain the same as the fees applicable for 2018/19. PSAA will review and update its assumptions and estimates each year, and consult on scale fees for the following year.

<https://www.psa.co.uk/audit-fees/2019-2020scaleoffees/>

8. Oversight of audit quality, quarterly compliance reports 2018/19 Public Sector Audit Appointments Ltd

There are no significant issues arising in the latest quarterly compliance report issued by PSAA.

<https://www.psa.co.uk/audit-quality/contract-compliance-monitoring/principal-audits/mazars-audit-quality>

9. Mazars Annual Regulatory and Compliance Report 2017/18, Public Sector Audit Appointments Ltd, July 2018

Public Sector Audit Appointments Limited (PSAA) monitors the performance of all its audit firms. The audit quality and regulatory compliance monitoring for 2017/18 incorporated a range of measurements and checks comprising:

- a review of each firm's latest published annual transparency reports;
- the results of reviewing a sample of each firm's audit internal quality monitoring;
- reviews (QMRs) of its financial statements, Value for Money (VFM) arrangements conclusion and housing benefit (HB COUNT) work;
- an assessment as to whether PSAA could rely on the results of each firm's systems for quality control and monitoring;
- a review of the Financial Reporting Council's (FRC) published reports on the results of its inspection of audits in the private sector;
- the results of PSAA's inspection of each firm by the FRC's Audit Quality Review team (AQRT) as part of a commissioned rolling inspection programme of financial statements and VFM work;
- the results of each firm's compliance with 15 key indicators relating to PSAA's Terms of Appointment requirements;
- a review of each firm's systems to ensure they comply with PSAA's regulatory and information assurance requirements; and
- a review of each firm's client satisfaction surveys

The report sets out that:

- Mazars is meeting PSAA's standards for overall audit quality and regulatory compliance requirements;
- Mazars' combined audit quality and regulatory compliance rating was green for 2017/18;
- The satisfaction survey results show that audited bodies are very satisfied with the performance of Mazars as their auditor; and
- Mazars has maintained its performance against the regulatory compliance indicators since last year, with all of the 2017/18 indicators scored as green and the overall weighted audit quality score of 2.55 having increased slightly from last year's 2.45.

Summary of PSAA annual assessments – overall combined

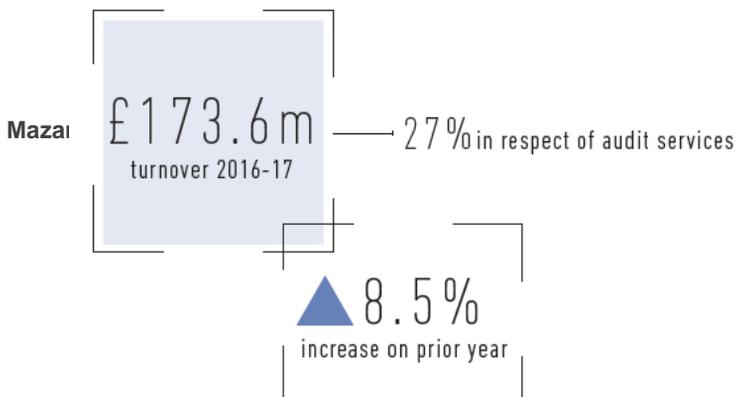
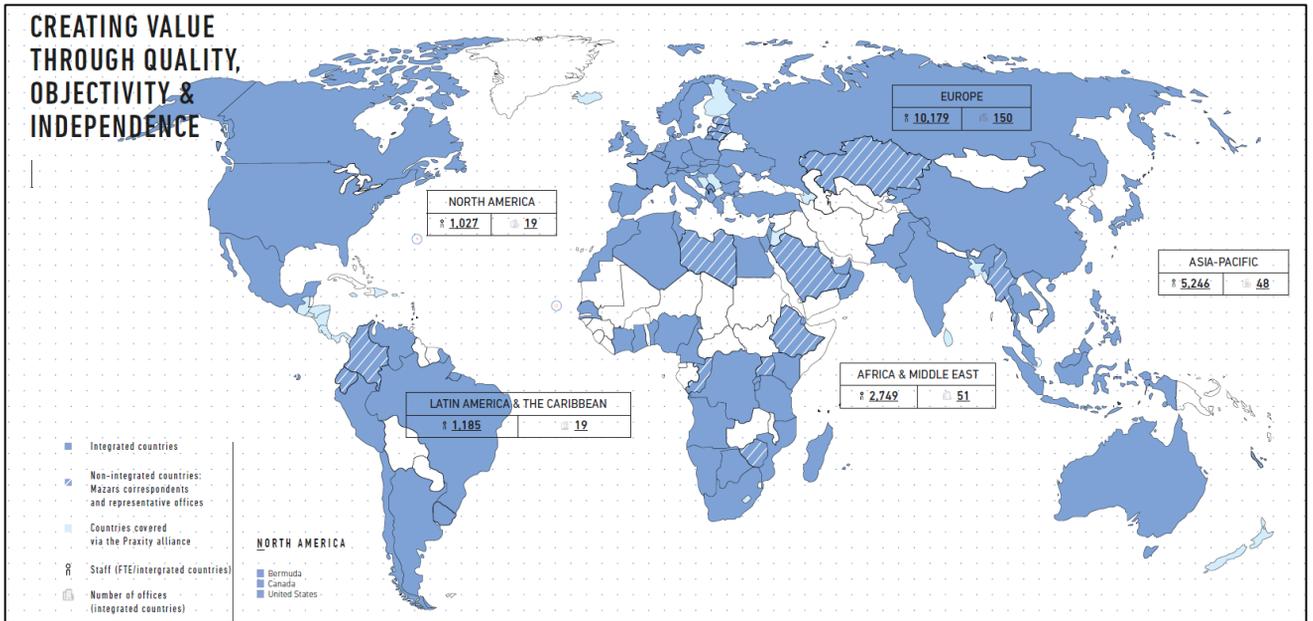
	BDO	EY	DT	PwC	GT	KPMG	Mazars
2018	Amber	Amber	n/a	n/a	Amber	Amber	Green
2017	Amber	Amber	n/a	n/a	Amber	Amber	Green
2016	Green	Green	Green	Amber	Amber	Amber	Green
2015	Amber	Green	Amber	Amber	Amber	Amber	Green

<https://www.psa.co.uk/audit-quality/contract-compliance-monitoring/principal-audits/mazars-audit-quality/>

MAZARS AT A GLANCE

Mazars LLP

- Fee income €1.5 billion
- Over 86 countries and territories
- Over 300 locations
- Over 20,000 professionals
- International and integrated partnership with global methodologies, strategy and global brand



As at 31 August 2017

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Audit Committee

29 November 2018



Local Code of Corporate Governance

John Hewitt, Corporate Director Resources

Councillor Alan Napier, Deputy Leader and Portfolio Holder for Finance

Purpose of the Report

- 1 For the Audit Committee to consider recommending to the Council the inclusion of the Local Code of Corporate Governance into the revised Council Constitution following an annual review.

Background

- 2 The 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 which functions are exercised.
- 3 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, including the management of risks.
- 4 The Accounts and Audit Regulations 2015 require a local authority to review, at least once a year, the effectiveness of its system of internal control. This requirement will be fulfilled if the review is conducted in accordance with the Delivering Good Governance (DGG) in Local Government Framework (2016).
- 5 The Council should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework and, to facilitate this, it should therefore develop and maintain a Local Code of Corporate Governance reflecting the principles set out.

Local Code of Corporate Governance

- 6 The Local Code of Corporate Governance is a public statement that sets out the way the Council will meet its commitment to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively. It represents a key component of the Council's governance arrangements and applies to all Council members, officers, partners and stakeholders in their dealings with the Council.

- 7 The Code was revamped two years ago to meet the requirements of the Delivering Good Governance in Local Government Framework (2016), which remains current. A further review in 2017 resulted in only one minor change.
- 8 Following the latest review, six minor amendments are proposed. The proposed amendments are listed below for reference and are highlighted in grey in the Code. They reflect changes in responsibility and show how work being done through the Transformation Programme supports the good governance principles.
- (a) Paragraph 4.19, 5th bullet point: Stakeholder input into the development of the Transformation Programme.
 - (b) Paragraph 4.21, 1st bullet point: Establishing a vision for the Council as a collaborative organisation with modern working practices.
 - (c) Paragraph 4.27, 1st bullet point: Key outcomes of the Transformation Programme.
 - (d) Paragraph 4.33, 1st bullet point: Planning interventions through the Transformation Programme.
 - (e) Paragraph 4.57, 3rd bullet point: Information governance changes.
 - (f) Paragraph 4.64, 2nd bullet point: Discontinuation of the Improvement and Planning Group.

Recommendation

- 9 Audit Committee is requested to recommend to the Council the inclusion of the Local Code of Corporate Governance into the revised Council Constitution.

Contact: David Marshall Tel: 03000 269648

Appendix 1: Implications

Finance – There are no financial implications associated with this report. However, financial planning and management is a key component of effective corporate governance.

Staffing – There are no impacts on staff, but ensuring the adequate capability of staff meets a core principle of the CIPFA/ SOLACE guidance.

Risk – There are no reportable risks associated with the report, but the assessment of corporate risk is a key component of the Council’s governance arrangements.

Equality and Diversity/ Public Sector Equality Duty - Engaging local communities including hard to reach groups meets a core principle of the CIPFA/ SOLACE guidance.

Accommodation – There are no accommodation implications , but asset management is a key component of effective corporate governance

Crime and Disorder – None.

Human Rights - None.

Consultation - Engaging local communities meets a core principle of the CIPFA/ SOLACE guidance.

Procurement – None.

Disability issues – Ensuring access to services meets a core principle of the CIPFA/ SOLACE guidance.

Legal Implications – The governance review process ensures that the Council discharges its statutory duties under the Local Government Act 1999 and the Accounts and Audit Regulations 2015 as set out at paragraphs 2 and 4 of the report.

The Code of Corporate Governance enables the Council to demonstrate how it complies with the Delivering Good Governance in Local Government Framework 2016.

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DURHAM COUNTY COUNCIL

LOCAL CODE OF CORPORATE GOVERNANCE

1. Introduction

- 1.1. The Accounts and Audit Regulations 2015 require a local authority to conduct a review at least once in a year of the effectiveness of its system of internal control. A statement reporting on the review must be included in an Annual Governance Statement published with the Statement of Accounts.
- 1.2. The Annual Governance Statement must be “prepared in accordance with proper practices in relation to accounts”. To help meet this requirement, this code has been produced in accordance with Delivering Good Governance in Local Government Framework (2016) , “The DGG Framework”.

2. What is Governance?

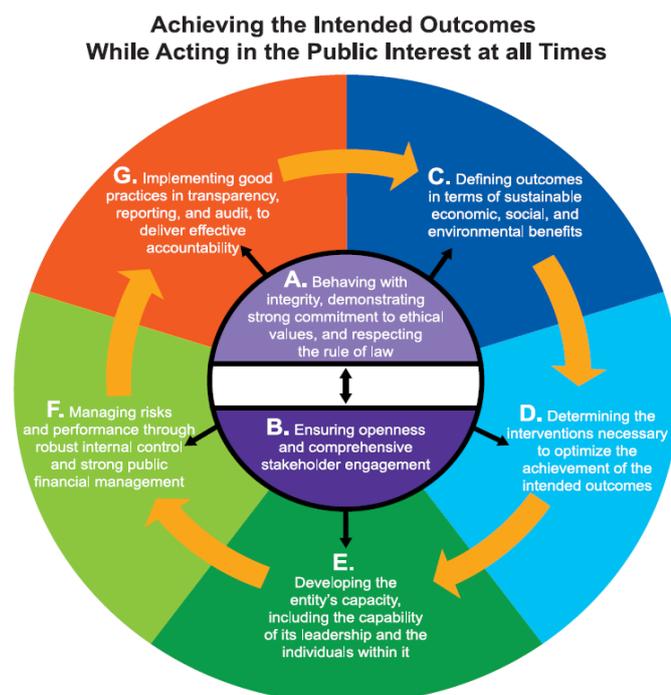
- 2.1. The International Framework: Good Governance in the Public Sector (Chartered Institute of Public Finance and Accountancy / International Federation of Accountants, 2014), the ‘International Framework’, defines governance as follows:

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

- 2.2. The International Framework also states that:

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

- 2.3. The diagram below, taken from the International Framework shows how the various principles of good governance in the public sector relate to each other.



3. The Principles of Good Governance

3.1. The DGG Framework requires governance processes and structures to focus on the attainment of sustainable outcomes for the economy, society and the environment. The Council acknowledges that sustainability and the links between governance and public financial management are crucial and pledges to take account of the impact of current decisions and actions on future generations.

3.2. Principles A and B spread through all other principles C to G and ensure that the Council achieves its intended outcomes while acting in the public interest at all times. This requires:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

B. Ensuring openness and comprehensive stakeholder engagement.

3.3. In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the public sector also requires effective arrangements for:

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 Council'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

4. The Council's Local Code of Corporate Governance

4.1. The Council is committed to, and endeavours to maintain, an effective governance framework to meet the principles set out in this Code.

4.2. This Code also aims to ensure that the Council responds appropriately to sustained pressures from a variety of sources.

4.3. The components that make up the Council's governance framework are many and varied. They include:-

- Internal and partner strategy documents that set out a longer term vision for the future of the County and identify the most important priorities;
- Internal and partner policy documents and codes that regulate committee and business activities to ensure that they comply with the law and that the Council's objectives and values are supported;

- Committees and officer groups that regulate and/or monitor Council or business activities to ensure that they comply with the law and that the Council's objectives and values are supported;
- Other systems, processes and documents, including self-assessment tools, that support or evidence the principles of good governance set out in The DGG Framework.

4.4. The key document supporting the Council's governance arrangements is the [Constitution](#), which sets out how we operate, how decisions are made and the rules and procedures we follow to ensure our work is efficient and transparent and that we are accountable to local people. The Constitution Working Group, which is chaired by the Leader of the Council and consists of the lead Members from each political party, co-ordinates proposed changes and these are approved by Full Council. A full annual review is carried out each year.

4.5. A fundamental feature of the Council's governance arrangements is the overview and scrutiny system, the role of which is to review policy and challenge whether the Executive has made the right decisions to deliver policy goals. Another key feature is the Standards Committee, which is responsible for promoting and maintaining high standards of conduct by councillors, independent members and co-opted members. Further details on the overview and scrutiny function and the Standards Committee are included under Principle A.

4.6. This section describes, with reference to the components of the Council's governance framework, how each of the principles and sub-principles of this Code will be met. In addition to the components listed above, where relevant, references to key legislation, professional standards and codes of practice are made.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Why this is important

4.7. The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes it has achieved. In addition, the Council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, it can demonstrate the appropriateness of all its actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

How we meet this principle

4.8. Key governance documents supporting Principle A include:

[Constitution](#) – Codes of Conduct for Members and Employees; [Confidential Reporting Code \(Whistleblowing policy\)](#); Contract Procedure Rules; Decision Making; Functions and Responsibilities of Key Officers; Member Role Descriptions; Overview and Scrutiny Arrangements; Protocol on Member/Officer Relations; Other Codes and Protocols; Roles and Functions of Members.

Other – Competency Framework; [Corporate Complaints Policy](#); [Counter Fraud and Corruption Strategy](#); [Fraud Response Plan](#); Officer and Member Gifts & Hospitality Register and Procedures; [Overview and Scrutiny Handbook](#); [Sustainable Commissioning and Procurement Policy](#); Sustainable Buying Standards.

A1 Behaving with integrity

4.9. The Council ensures that its values are communicated and understood, and that members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated. This is achieved by:

- Setting out in codes of conduct the minimum standards expected of members and employees, and the implications of any code breaches.
- Setting out in the Competency Framework the Council's corporate values to underpin staff behaviours and competencies.
- Seeking individual commitment to the codes from members and officers during induction, through annual, written reminders and in performance appraisals.
- Assigning the Constitution Working Group, chaired by the Leader of the Council and consisting of the lead Members from each political party, to oversee the maintenance and approval of the codes and protocols in the [Constitution](#). The Codes of Conduct are intended to be consistent with the Seven Principles of Public Life* (the Nolan Principles), which must be observed by members and employees when conducting the business of the Council or acting as a representative of the Council.
* Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.
- Setting out in the Contract Procedure Rules how contracts for goods, works, services and utilities should be put in place and managed, and detailing the record keeping and reporting requirements related to procurement activity.
- Members leading by example by adhering to these principles in decision making and during meetings with fellow members, employees, the community and partners.
- Maintaining Registers of Interest for members and officers and formally registering interests at meetings and declaring gifts and hospitality.

4.10. The Council endeavours to demonstrate, communicate and embed its values through the following policies and processes, which are reviewed on a regular basis to ensure that they are operating effectively. This is achieved by:

- Providing guidance, through the [Fraud Response Plan](#), which supports the [Counter Fraud and Corruption Strategy](#), to employees and managers on the procedures that must be followed in the event of suspected fraud, theft or other irregularity.
- Requiring the Chief Internal Auditor and Corporate Fraud Manager to verbally inform the Section 151 Officer, [Audit Committee](#) and External Audit of any serious cases of fraud.
- Reporting the outcomes of anti-fraud and corruption work to [Audit Committee](#) as part of Protecting the Public Purse updates.
- Enabling employees, through the [Confidential Reporting Code](#) to raise serious concerns within the Council rather than overlooking a problem or 'blowing the whistle' externally.

- Including in the Durham Managers training programme a course that explains how the [Confidential Reporting Code](#) should be used as a means to 'blow the whistle' where appropriate.
- Maintaining arrangements, through the [Corporate Complaints Policy](#), for non-statutory complaints about services, which are reported to [Corporate Issues Overview and Scrutiny Committee](#) along with details of investigations by the Commissioner for Local Administration.
- Maintaining arrangements for complaints against employees, which are referred to the Corporate Fraud Team, Human Resources and the respective Service Management to ensure a proper investigation.
- Assigning the [Monitoring Officer](#) to oversee the arrangements for conflicts of interest, gifts and hospitality for members and officers, who are required to review their declarations annually.
- Publishing the Register of Gifts, Interests and Hospitality for Members on the website under the relevant meeting or on the [Your Councillor webpage](#).

A2 Demonstrating strong commitment to ethical values

4.11. The Council seeks to establish, monitor and maintain ethical standards and performance, while underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. This is achieved by:

- Assigning the [Standards Committee](#) to promote and maintains high standards of conduct by councillors, independent members and co-opted members.
- Assigning the [Appeals and Complaints Committee](#) to determine appeals against decisions made by the Council.
- Maintaining an effective scrutiny function that encourages constructive challenge and enhances performance through the Overview and Scrutiny Management Board and Overview and Scrutiny Committees.
- The role, functions and scope of the Overview and Scrutiny Board and each of its six committees are set out in detail in the [Constitution](#) and the [Overview and Scrutiny Handbook](#). They allow a wider involvement in Council business by involving non-councillors from the wider public sector, voluntary and community groups to help them in their work. They may make reports and recommendations to the Executive and the Council as a whole on its policies, budget and service delivery.
- Review and scrutinise the conduct, decisions and actions of Police and Crime Commissioner through the Durham Police and Crime Panel, which is made up of members from Durham County Council and Darlington Borough Council.
- Providing, through the [Constitution](#), roles for independent members and co-opted members on the Standards Committee, Overview and Scrutiny Committees, [Audit Committee](#) and Police and Crime Panel.
- Reporting bi-annually, through the Internal Audit Service, to Corporate Management Team and the [Audit Committee](#) on investigations into misconduct, including any measures taken to enhance the control environment in order to prevent incidences happening in the future.
- Embedding ethical values through a variety of channels, including online training, briefings and news bulletins.
- Rewarding good ethical behaviour through the Great Staff, Great Staff Scheme, and awarding instant recognition certificates to those who make an exceptional contribution in this area.

- 4.12. The Council places emphasis on agreed ethical values by,
- Maintaining a range of key ethical codes and protocols, such as the codes of conduct for members and employees, and the Protocol on Member/Officer Relations, in the Council [Constitution](#).
 - Using the above codes and protocols to set the tone for subsidiary policies and procedures in areas such as procurement, recruitment, staff discipline, gifts and hospitality and declarations of interest.
- 4.13. The Council requires external providers of services on its behalf to act with integrity and in compliance with ethical standards. This is achieved by:
- Including the Council's ethical values in protocols for partnership working.
 - Seeking, through the [Sustainable Commissioning and Procurement Policy](#), to implement procedures that protect the long-term interests of the communities we represent, in line with the Public Services (Social Value) Act 2012. Instructing bidding organisations to bring the above policy to the attention of bidders.
 - Addressing ethical supply chain issues through [Sustainable Buying Standards](#), which are mandatory in all relevant council contracts.
 - Vetting potential contractors for convictions and violations for specified offences, as required by the Public Contracts Regulations 2015.

A3 Respecting the rule of law

4.14. The Council endeavours to ensure that members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. It also seeks to create the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. This is achieved by:

- Through the [Constitution](#),
 - Committing to exercise all powers and duties in accordance with the law;
 - Setting out [Member Role Descriptions](#) and the [functions and responsibilities of key officers](#), recognising those posts that are statutory;
 - Committing to provide the Monitoring Officer and Chief Finance Officer with such officers, accommodation and other resources as are in their opinion sufficient to allow their duties to be performed;
 - Designating the Chief Executive as Head of Paid Service in accordance with Section 4 of the Local Government and Housing Act 1989.
 - Designating the Corporate Director, Resources as the [Section 151 Chief Financial Officer](#) (CFO) to fulfil the governance requirements of the CIPFA * Statement on the Role of the CFO in Local Government (2010).
- * Chartered Institute of Public Finance & Accountancy
- Maintaining, under the supervision of the Chief Executive, a chief officer structure that is equipped to respond to modern challenges faced by the Council.

- Making the CFO a member of Corporate Management Team, reporting directly to the Chief Executive and reviewing all reports to Cabinet which have financial implications.
 - Maintaining arrangements for members and officers to work together on the work programme of the Cabinet, which is managed through a system of Cabinet pre-agenda meetings, supported by regular briefing sessions held by Corporate Directors with Cabinet Portfolio Members and their support Members.
 - Providing specialist legal advice through Legal & Democratic Services.
 - Providing training, awareness and advice, through central support services, to meet general legal requirements in areas such as data protection, freedom of information, equalities and health and safety.
 - Making staff aware of relevant statutory provisions through formal training and written guidance, and implementing appropriate service-specific arrangements to ensure compliance.
- 4.15. The Council strives to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders by,
- Designating, in accordance with Section 5 Local Government and Housing Act 1989, the Head of Legal and Democratic Services as Monitoring Officer, who attends Corporate Management Team and advises on legal issues.
 - Authorising the Head of Legal and Democratic Services, under the [Constitution](#) to institute, defend or participate in any legal proceedings to give effect to decisions of the Council or in any case where she considers that such action is necessary to protect the Council's interests.
- 4.16. The Council endeavours to deal effectively with corruption, misuse of power and breaches of legal and regulatory provisions by,
- Maintaining a dedicated Corporate Fraud Team to support its counter fraud arrangements.
 - Vigorously dealing with breaches of legal or regulatory provisions through disciplinary or criminal proceedings, as appropriate.
 - Enabling employees, contractors and suppliers, through the [Confidential Reporting Code \(Whistleblowing policy\)](#), to raise concerns about potential breaches of conduct in decision-making.
 - Thoroughly investigating and, if confirmed, vigorously pursuing any allegations of corruption and misuse of power, seeking the strongest possible sanctions against those who seek to defraud the Council, regardless of whether they are staff, members, contractors, external individuals and organisations.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

Why this is important

4.17. Local government is run for the public good. The Council should therefore ensure openness in its activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders. Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.

How we meet this principle

4.18. Key governance documents supporting Principle B include:

[Constitution](#) – Audit Committee Role; Decision Making; How the Council operates; Joint Arrangements and Partnerships; Officer Scheme of Delegations.

[Other](#) – Area Action Partnerships Terms of Reference; [Consultation & Engagement Strategy](#); [Consultations web page](#); [County Durham Compact](#); County Durham Partnership Community Engagement and Empowerment Framework; [Joint Health and Wellbeing Strategy 2016 - 2019](#); [notice of key decisions webpage](#); [officer decisions webpage](#) [Partnership Governance Framework](#); Partnership Performance Management Framework; Partnerships Register; [petitions webpage](#); [Risk Management Strategy and Policy](#); [Sustainable Community Strategy \(SCS\) 2014 – 2030](#); [Transparency and Accountability webpage](#).

B1 Openness

4.19. The Council maintains an open culture and encourages wide public involvement in determining the most appropriate and effective interventions and courses of action. This is achieved by:

- Encouraging a climate of openness, headed by the Council Leader who holds regular Cabinet meetings at various locations in the County.
- Maintaining a website that is designed to make it easy for users to find information and includes a [Transparency and Accountability webpage](#) to comply with the [Local Government Transparency Code 2015](#).
- Publishing information on the website about services provided, land and assets owned by the Council, organisational structures and salaries, counter fraud, how money is spent and how services are bought.
- Deploying a range of research, consultation and engagement techniques so that the selected approach is fit for each given purpose.
- Taking a planned approach to ~~maximise~~ encourage participation in new initiatives such as the Transformation Programme, a co-ordinated and integrated series of projects aimed at providing the very best services for the people of County Durham, ~~and~~ to ensure that the public's views are incorporated into decision making processes.

4.20. The Council seeks to make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes, with a presumption for openness and, where relevant, giving reasons for keeping any decision confidential. Clear reasoning and evidence will be provided for decisions, being explicit about the criteria, rationale and considerations used, to ensure that the impact and consequences of those decisions are clear. These aims are achieved by,

- Setting out in the [Constitution](#) how the Council operates, how decisions are made and the procedures followed to ensure that these are effective, transparent and accountable to local people.
- Publishing on the website: advance [notice of key decisions](#) covering a rolling period of four months; decisions made by the Executive, within two days of the respective meeting; and all major decisions that are in the public domain.
- Publishing all [officer decisions](#) made under the Officer Scheme of Delegations ([Constitution](#)).
- Supporting the Council's decision-making processes with:
 - A [Risk Management Strategy and Policy](#);
 - An [Audit Committee](#) responsible for monitoring and reviewing processes for risk management, internal control, governance and associated assurance; and
 - Arrangements to ensure that they comply with legal requirements and that all reports requiring a decision include the legal implications, confirm that legal advice has been obtained on proposals, and the source of that legal advice.
- Including in the Council's stated principles for decision making the giving of reasons for decisions and supporting them with references to legal or other professional advice and stating the potential implications in terms of finance, staffing, risk, human rights and several other factors.

B2 Engaging comprehensively with institutional stakeholders

4.21. The Council seeks to effectively engage with institutional stakeholders and, where necessary, develop formal and informal partnerships to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear. The aims of this approach are to ensure that outcomes are achieved successfully and sustainably, with efficient use of resources. This is achieved by:

- Establishing a vision for the Council as a collaborative organisation with modern working practices, which will be key to delivering the outcomes of the Transformation Programme.
- Heading the [County Durham Partnership](#) (CDP), chaired by the Council Leader, which is the lead partnership for most strategic partnerships in the County.
- Managing relationships with partners through the [Partnership Governance Framework](#) (PGF), which seeks to ensure that:
 - members are clear about their roles and responsibilities;
 - there is clarity about the legal status of the partnership;
 - representatives both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.

- Providing support and oversight, through a [Chief Officer Group](#), to chief officers across all statutory agencies of the safeguarding arrangements for children and adults services. The Group has an independent Chair and includes officers from the Council, NHS and the Police.
 - Maintaining, in accordance with the [Partnership Performance Management Framework](#), a [register of active partnerships](#) and regularly reviewing them to assess and evaluate their governance and effectiveness.
 - Allowing, through the [Constitution](#), joint arrangements to be established for specific purposes such as the provision and maintenance of crematoria, and setting out details of existing joint arrangements, including purpose, parties and effective dates.
 - Shaping and supporting a common vision and approach for community engagement through the [County Durham Partnership Community Engagement and Empowerment Framework](#).
 - Providing, through the [County Durham Compact](#), a framework for partnership and engagement with the voluntary and community sector.
 - Including in the [CDP](#) a range of key public, private and voluntary sector organisations that work together to improve the quality of life for the people within County Durham.
 - Structuring the [CDP](#) into five thematic partnerships based on the economy, children and families, health and wellbeing, community safety and the environment.
 - Managing, within service groupings, informal, collaborative working arrangements with external organisations.
 - Ensuring, through the [Partnership Governance Framework](#) that partnerships are based on:
 - trust
 - a shared commitment to change
 - a culture that promotes and accepts challenge among partners
- and that the added value of partnership working is explicit.

B3 Engaging with individual citizens and service users effectively

4.22. Through the [Consultation & Engagement Strategy](#), the Council seeks to establish a clear policy on the type of issues on which it will consult with or involve communities, individual citizens, service users and other stakeholders. The Council aims to ensure that the views of local people are used to set priorities, influence policy and decision making, and that service provision is contributing towards the achievement of intended outcomes.

4.23. The Council endeavours to ensure that communication methods are effective, and that members and officers are clear about their roles with regard to community engagement, in order to collect and evaluate the views, experiences and future needs of people and organisations of different backgrounds. This approach is combined with effective feedback mechanisms to demonstrate how views have been taken into account and balancing feedback from more active and other stakeholder groups to ensure inclusivity. This is achieved by:

- Assigning the Corporate Communications and Marketing Team to lead on communications with external audiences through local, regional and national media with direction and guidance provided through communications protocols.

- Welcoming [petitions](#) and recognising that they are an effective way for people to voice their concerns.
- Engaging with the community, through 14 multi-agency Area Action Partnerships, to identify and address local priorities and utilise locality budgets to drive improvements to the local area.
- Using the consultation process to involve a range of stakeholders in refreshing the [Joint Health and Wellbeing Strategy 2016 - 2019](#).
- Publishing results of [consultation and engagement campaigns](#) on the website with explanations of what has been changed as a result of the views and comments collected.
- Selecting appropriate consultation techniques and engaging through area action partnerships and the voluntary sector to involve all sections of the community effectively.
- Ensuring that selected techniques recognise that different sections of the community have different priorities and establish processes for dealing with these competing demands.
- Seeking, with guidance from the [Sustainable Community Strategy \(SCS\) 2014 – 2030](#), the [Joint Health and Wellbeing Strategy 2016 - 2019](#), supported by the decision making process, to manage resources in ways that do not compromise the quality of life of future generations or those in the wider world.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Why this is important

4.24. The long-term nature and impact of many of the Council's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

How we meet this principle

4.25. Key governance documents supporting Principle C include:

[Constitution](#) – Decision Making; Protocol on Member/Officer Relations.

[Other](#) – Asset Management Plan; [Children, Young People and Families Plan 2016 - 2019](#); [Consultation & Engagement Strategy](#); Corporate Capital Protocol; [Council Plan 2016 - 2019 and service plans](#); [County Durham Plan](#); [Customer First Strategy and Customer Services Charter](#); [Equality Policy](#); [Joint Health and Wellbeing Strategy 2016 - 2019](#); [Medium Term Financial Plan 2018 - 2021 \(MTFP\)](#); [Performance Management Framework](#); [Police, Crime and Victim's Plan 2016 - 2021](#); [Regeneration Statement 2012 – 2022](#); [Risk Management Strategy and Policy](#); [Safe Durham Partnership Plan 2016 - 2019](#); [Sustainable Community Strategy \(SCS\) 2014 – 2030](#).

C1 Defining outcomes

4.26. The [Sustainable Community Strategy \(SCS\) 2014 – 2030](#), which has been produced by the Council in conjunction with its partners on the [County Durham Partnership](#), and demonstrates its shared long-term vision for the future of County Durham. This vision for County Durham, namely ‘Altogether Better Durham’ outlines five priority themes, which represent the major issues identified by residents:

- Altogether wealthier – focusing on creating a vibrant economy and putting regeneration and economic development at the heart of all our plans. This theme is supported by the [Regeneration Statement 2012 – 2022](#) and the [County Durham Plan](#);
- Altogether better for children and young people – ensuring children and young people are kept safe from harm and that they can ‘believe, achieve and succeed’. This theme is supported by the [Children, Young People and Families Plan 2016 - 2019](#);
- Altogether healthier – improving health and wellbeing, supported by the [Joint Health and Wellbeing Strategy 2016 - 2019](#);
- Altogether greener – ensuring an attractive and ‘liveable’ local environment and contributing to tackling global environmental challenges. This theme is supported by the [County Durham Plan](#);
- Altogether safer – creating a safer and cohesive county, supported by the [Safe Durham Partnership Plan 2016 - 2019](#) and the [Police, Crime and Victim's Plan 2016 - 2021](#).

4.27. In addition to the above arrangements, the Council defines outcomes by,

- Establishing a Transformation Programme with four key outcomes that will change the way it works for the continued provision of high quality services within the context of the further financial challenges.
- Setting out, in the [Council Plan 2016 - 2019](#) and individual [service plans](#), supporting policies, plans and strategies, set out the key actions to be taken in support of delivering the longer term goals in the [SCS](#) and the Council’s own improvement agenda.
- Developing, through the [Medium Term Financial Plan 2018 - 2021 \(MTFP\)](#), a financial framework in line with the [Council Plan](#) that enables members and officers to ensure policy initiatives can be planned for delivery within available resources and can be aligned to priority outcomes.
- Subjecting the delivery of the [Council Plan](#) and the [Medium Term Financial Plan](#) to detailed and frequent monitoring undertaken by Corporate Management Team and Cabinet.
- Supporting decision making and project management processes with the [Performance Management Framework](#) and the [Risk Management Strategy and Policy](#).
- Seeking, through the [Customer First Strategy and Customer Services Charter](#), which link to the wider priorities of the Council, to broaden accessibility to information and services in an economically efficient way, taking account of increased demand for services, changes to the welfare system and reducing budgets.

C2 Sustainable economic, social and environmental benefits

4.28. The Council considers and balances the combined economic, social and environmental impact of policies and plans when taking decisions about service provision, taking a longer-term view with due regard to the wider public interest and potential risks. The Council is committed to acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints. This is achieved by:

- Pursuing economic and environmental benefits through the *Altogether Wealthier* and *Altogether Greener* themes respectively, and pursuing social benefits through the other themes.
- Using decision making processes, which include management of performance and risks, to support the achievement of high level objectives in furtherance of economic, social and environmental benefits.
- Pursuing economic, social and environmental benefits in the development the [Medium Term Financial Plan](#).
- Preparing the capital budget reflecting the priorities detailed in the [Council Plan](#), using criteria laid down in the Corporate Capital Protocol, the [Asset Management Plan](#).
- Advising Cabinet on the Capital Programme through the Member Officer Working Group for Capital, which is responsible for scrutinising capital budget revisions and monitoring progress on schemes.
- Following the principles of decision making set out in the [Constitution](#).
- Guiding members and employees in their relations with one another and seeking to enhance and maintain integrity by demanding very high standards of personal conduct through the [Protocol on Member/Officer Relations \(Constitution\)](#).
- Determining, through the [Consultation & Engagement Strategy](#), the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, in order to ensure appropriate trade-offs.

4.29. The Council ensures fair access to services by:

- Using the [Equality Policy](#) to reinforce the Council's public sector equality duty and prevent negative outcomes from Council decisions for people with protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation).
- Supporting the [Equality Policy](#) with an impact assessment process, which ensures that the impact on equality is considered in the Council's decision making.
- Promoting equality and diversity across all of the Council's work through the Overview and Scrutiny Management Board and Scrutiny Committees.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Why this is important

4.30. Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

How we meet this principle

4.31. Key governance documents supporting Principle D include:

[Constitution](#) – Budget and Policy Framework Procedure Rules; Decision Making; Financial Procedure Rules; Overview and Scrutiny Arrangements.

[Other](#) – Capital Programme; [Council Plan and service plans](#); [Medium Term Financial Plan 2018 - 2021 \(MTFP\)](#); [Partnership Governance Framework](#); [Performance Management Framework](#); [Overview and Scrutiny Annual Report](#); [Risk Management Strategy and Policy](#); [Sustainable Community Strategy \(SCS\) 2014 – 2030](#); [Sustainable Commissioning and Procurement Policy](#).

D1 Determining interventions

4.32. The Council ensures that decision makers receive objective and rigorous analysis of a variety of options, indicating how intended outcomes would be achieved and highlighting associated risks, in order to secure best value regardless of the service delivery method. This is combined with considering feedback from citizens and service users about proposed service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. This is achieved by:

- Embedding the pursuit of value for money into all of the Council's decision making processes through the 'effective use of resources' objective under the Altogether Better Council theme.
- Frequently undertaking reviews to provide assurance that value for money services are being provided.
- Using residents' and other stakeholders' views with high level analysis of the equalities impact to shape proposals in the [Medium Term Financial Plan](#).

D2 Planning interventions

4.33. The Council's arrangements for planning the interventions for the achievement of its intended outcomes are,

- A comprehensive Transformation Programme incorporating a co-ordinated and integrated series of initiatives aimed at providing the very best services for the people of County Durham.

- Establishing and implementing, through the [Council Plan](#) and [Medium Term Financial Plan](#) monitoring, robust planning and control cycles that cover strategic and operational plans, priorities and targets.
- Engaging with internal and external stakeholders, through participative budgeting and other consultation techniques, in determining how services and other courses of action should be planned and delivered.
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks, through the [Partnership Governance Framework](#) and the [Risk Management Strategy and Policy](#).
- Ensuring, through the [Council Plan](#) and business continuity planning, that arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.
- Determining, during the development of the [Sustainable Community Strategy](#) and the [Council Plan](#) how the performance of services and projects will be measured, and linking these arrangements to a locally led [performance management framework](#), which ensures that attention is focused on Council priorities.
- Using key target indicators in areas where improvements can be measured regularly and can be actively influenced by the Council and its partners.
- Comparing performance with that of other Councils using a recognised, online tool.
- Undertaking, through the Overview and Scrutiny Committees, in-depth, evidence-based reviews of services, the findings of which are outlined in the [Overview and Scrutiny Annual Report](#).
- Preparing budgets in accordance with the [Sustainable Community Strategy](#), the [Council Plan](#) and the [Medium Term Financial Plan](#).
- Informing medium and long term resource planning by determining, through Cabinet in consultation with the Chief Financial Officer, the general budget strategy and issuing annual guidelines to Members and Chief Officers on preparing:-
 - A detailed revenue budget for the following year and the [MTFP](#);
 - The Capital Programme;
 - The timetable for developing and agreeing the Council's revenue and capital budget.

D3 Optimising achievement of intended outcomes

- 4.34. The Council optimises the achievement of its outcomes by,
- Developing, through the [Medium Term Financial Plan](#), a financial framework in line with the [Council Plan](#) to deliver policy initiatives within available resources and aligned to priority outcomes.
 - Developing the budgeting process in line with Budget and Policy Framework Procedure Rules, to ensure that it is all-inclusive, and takes into account the full cost of operations over the medium and longer term.
 - Ensuring, through the development of the [MTFP](#) and [Council Plan](#) that partners and stakeholders have a clear view of the Council's priorities, targets and financial plans over the forthcoming period of four years.

- Seeking, through the [Sustainable Commissioning and Procurement Policy](#), to implement procedures that protect the long-term interests of the communities we represent, in line with the Public Services (Social Value) Act 2012.
- Instructing bidding organisations bring this policy to the attention of bidders.

Principle E: Developing the Council’s capacity, including the capability of its leadership and the individuals within it

Why this is important

4.35. The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve its intended outcomes within the specified periods. It must ensure that it has both the capacity to fulfill its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which the Council operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and of individual staff members. Leadership in the Council is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

How we meet this principle

4.36. Key governance documents supporting Principle E include:

[Constitution](#) – Decision Making; The Executive; Financial Procedure Rules; Officer Scheme of Delegations; Overview and Scrutiny Arrangements; Protocol for Chairman and Vice-Chairman; Protocol for member of the public wishing to ask a question at Council.

[Other](#) – Area Action Partnerships Terms of Reference; Attendance Management Policy; [Corporate Asset Management Plan](#); [County Durham Compact](#); Durham Manager Programme; Health, Safety and Wellbeing Strategy; Members Learning and Development Strategy; Office Accommodation Strategy; Organisational Development Strategy; Property Strategy; Service Asset Management Plans.

E1 Developing the Council’s capacity

4.37. The Council ensures the continuing effectiveness of its operations, performance and use of assets by,

- Regularly monitoring the condition, suitability, sufficiency and accessibility of property under the Office Accommodation Strategy and the [Corporate Asset Management Plan](#) to ensure that best use is made of assets in terms of service benefit, financial benefit and value for money.
- Setting out in the Property Strategy the main principles to ensure that opportunities to share the use of property are identified, and to make sure that assets are fit for purpose, cost effective and used to support regeneration and economic development.
- Consulting local communities and partners, where appropriate, about alternative methods of continuing to provide front line services.

- Maintaining Service Asset Management Plans, which include any heritage assets of the holding service.
 - Advising Cabinet on the Capital Programme through the Member Officer Working Group for Capital, which is responsible for scrutinising capital budget revisions and monitoring progress on schemes.
- 4.38. The Council strives to improve the use of its resources to ensure that they are allocated in a way that realises outcomes effectively and efficiently. This is achieved by:
- Using benchmarking data from statutory returns to inform programmes of VFM reviews and savings options in various service areas in order to ensure that defined outcomes are achieved effectively and efficiently.
 - Using data from commercial benchmarking clubs, to facilitate meaningful comparisons with other Councils.
 - Providing, through the [County Durham Compact](#), a framework for partnership and engagement with the voluntary and community sector where added value can be achieved.
 - Including in the [County Durham Partnership](#) a range of key public, private and voluntary sector organisations that work together to improve the quality of life for the people within County Durham.
 - Managing, within service groupings, informal, collaborative working arrangements with external organisations.
- 4.39. The Council maintains an effective workforce plan, through the Organisational Development Strategy, to enhance the strategic allocation of resources.

E2 Developing the capability of the Council's leadership and other individuals

- 4.40. The Council ensures that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. This is achieved by:
- Setting out in the [Constitution](#) how the Executive is made up and how appointments to this committee are made.
 - Electing the Leader under the terms of the [Constitution](#), and making appointments to a number of committees with various regulatory and scrutiny responsibilities.
 - Setting out in the [Constitution](#) a protocol for the Chairman and Vice-Chairman of the Council that includes an expectation of political neutrality and acting as the conscience of the Council.
 - Nominating, through the Leader, nine other councillors, including a Deputy Leader, with specific responsibilities to form the Cabinet.
 - Allocating, through the Leader under the terms of the [Constitution](#), roles and responsibilities to individual members and the Executive Committee as a whole.
 - Supporting the above arrangements with a number of formal member and officer working groups.
- 4.41. The Council makes a clear distinction between the types of decisions that are delegated and those reserved for the collective decision making of the Council in the [Constitution](#), which is published on the website.

4.42. The Council clearly defines in the [Constitution](#) the respective roles of the leader and the chief executive, whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.

4.43. The Council continually seeks to develop the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks. This is achieved by:

- Ensuring, through the Members Learning and Development Strategy and the Organisational Development Strategy, that members and staff are provided with induction training tailored to their role and individual training and development plans.
- Ensuring, through respective appraisal schemes, that members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
- Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external
- Promoting excellence in learning through membership of the North East Public Service Academy.
- Using initiatives such as the Durham Manager Programme to support managers in meeting the changing needs of the Council, and e-learning as an efficient means of training employees.

4.44. The Council encourages public participation by,

- Administering 14 multi-agency [Area Action Partnerships \(AAPs\)](#) that enable local people and organisations to comment on how services are provided.
- Inviting members of the public to attend Council meetings.
- Including a protocol for member of the public wishing to ask a question at Council.

4.45. The Council ensures that the leadership's own effectiveness is considered and that leaders are open to constructive feedback from peer review and inspections by,

- Monitoring the decisions of the Executive through the Overview and Scrutiny Management Board, which has the power to:-
 - "call-in" decisions which have been made but not yet implemented; and
 - recommend that their decisions are reconsidered.
- Consulting the Overview and Scrutiny Management Board on forthcoming decisions or the development of policy.
- Assessing the skills required by members and officers through personal development plans, and making a commitment to develop those skills to enable roles to be carried out effectively.
- Developing skills on a continuing basis, through implementation of the Members Learning and Development Strategy, to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.

- 4.46. The Council strives to maintain effective arrangements to meet employees' needs in terms of training, development, health and wellbeing by,
- Assessing the skills required by officers through personal development plans, and making a commitment to develop those skills to enable roles to be carried out effectively.
 - Managing the performance and development of employees through an ongoing appraisal process.
 - Supporting employees through the Health, Safety and Wellbeing Strategy. Focusing on rehabilitation, through the Attendance Management Policy and a procedure for managing short-term absences, to support attendance at work using an early intervention procedure with assistance from Occupational Health.
 - Supporting employees through change processes with confidential counselling services through the Employee Assistance Programme.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Why this is important

- 4.47. The Council needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.
- 4.48. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.
- 4.49. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

How we meet this principle

4.50. Key governance documents supporting Principle F include:

[Constitution](#) – Councillor Call for Action Procedure (Overview & Scrutiny Procedure Rules); Decision Making; Financial Procedure Rules; Overview and Scrutiny Arrangements.

Other – [Budget Report](#); [Council Plan](#); [Data Protection Policy](#); Data Quality Policy; Delivering Good Governance in Local Government Framework; [Internal Audit Plan, Strategy and Charter](#); [Medium Term Financial Plan](#); [Performance Management Framework](#); [performance reports](#); [Risk Management Strategy and Policy](#); [service plans](#).

Professional Codes – CIPFA * Code on a Prudential Framework for Local Authority Capital Finance; CIPFA * Statement on the Role of Head of Internal Audit; [Code of Practice on Managing the Risk of Fraud and Corruption, 2014](#); [Public Sector Internal Audit Standards](#).

* Chartered Institute of Public Finance & Accountancy

F1 Managing risk

4.51. The Council recognises that risk management is an integral part of all activities and decision making as set out in the [Risk Management Policy and Strategy](#), which defines key roles and responsibilities and is reviewed annually, to maintain robust, integrated and effective risk management arrangements.

F2 Managing performance

4.52. The Council ensures that service delivery is effectively monitored by,

- Setting out in [service plans](#) a detailed schedule of actions, which are assigned to responsible officers and incorporated into, and monitored, through the corporate and service performance management arrangements.
- Monitoring performance and ensuring that effective arrangements are put in place to deal with any failures in service delivery through the Council's Cabinet.
- Providing assurance through quarterly [performance reports](#) to Corporate Management Team, Cabinet and all scrutiny committees by way of senior management performance clinics during the year.
- Undertaking key in-depth evidence based reviews through the Overview and Scrutiny Committees.
- Overseeing quality assurance developments in Children's Services and maintaining strategic oversight of children's services through a Quality Improvement Board.
- Operating a locally led [performance management framework](#) that links to the [Sustainable Community Strategy](#) [Sustainable Community Strategy](#) and the [Council Plan](#) and ensures that attention is focused on Council priorities.
- Undertaking benchmarking exercises by comparing performance with that of other Councils using a recognised, online tool.
- Seeking assurance on the quality of services from external, independent sources.
- Providing update reports, on [service delivery plans](#) and on progress towards outcome achievement, to Corporate Management Team, Cabinet and Full Council.

4.53. The Council endeavours to make the right decisions for the benefit of its stakeholders by,

- Supporting the Council's decision-making processes with a [Risk Management Strategy and Policy](#).
- Implementing arrangements to ensure that decisions are based on relevant, clear, objective analysis and advice; comply with legal requirements; and take account of the Council's financial, social and environmental position and outlook.
- Including in the Council's stated principles for decision making the giving of reasons for decisions and supporting them with references to legal or other professional advice and stating the potential implications in terms of finance, staffing, risk, human rights and several other factors.
- Maintaining an overview and scrutiny function through which members robustly scrutinise, challenge and debate proposed policies and objectives to make decision-making processes transparent, accountable and inclusive.
- Enabling members to bring matters of local concern to the attention of the Council through the scrutiny process using Councillor Call for Action procedure.

4.54. The Council seeks to ensure consistency between specification stages and post implementation reporting by,

- Developing profiled budgets in the main accounting system in line with the [Medium Term Financial Plan](#) to ensure consistency between specification stages and post implementation reporting.
- Issuing Budgetary Control Statements to senior management, Cabinet and Overview and Scrutiny Committees, comparing actual with planned expenditure and showing forecasted overspends with reasons for variance.
- Maintaining and applying Financial Procedure Rules in the [Constitution](#).

F3 Robust internal control

4.55. The Council seeks to align the risk management strategy and policies on internal control with achieving objectives, as well as evaluating and monitoring risk management and internal control on a regular basis. This is achieved by:

- Developing, maintaining and delivering an [Internal Audit Plan, Strategy and Charter](#).
- Including in strategic risk management reports and internal audit reports the potential implications for achieving the Council's objectives.
- Reporting annually to [Audit Committee](#), through the Chief Internal Auditor and Corporate Fraud Manager, on the adequacy and effectiveness of the Council's internal control environment.
- Undertaking a self-assessment against both the principles of the CIPFA Statement on the Role of Head of Internal Audit and the [Public Sector Internal Audit Standards](#) (PSIAS), approved by [Audit Committee](#).
- Undertaking internal annual reviews of the effectiveness of internal audit and an external assessment once every five years as required by the [PSIAS](#).

- Undertaking a review of the effectiveness of the Council's corporate governance arrangements in line with the Delivering Good Governance in Local Government Framework.
- Maintaining an [Audit Committee](#), which is independent of the Executive and accountable to the Full Council, to
 - provide a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment;
 - advise both the Council and the Cabinet on audit and governance issues in order to provide independent and effective assurance about the adequacy of financial management and reporting, and the management of other processes required to achieve the organisation's corporate and service objectives;
 - make recommendations, which are listened to and acted upon.

4.56. The Council ensures that effective counter fraud and anti-corruption arrangements are in place by maintaining a dedicated [Corporate Fraud Team](#) to support its counter fraud arrangements through the [Counter Fraud and Corruption Strategy](#), and working towards compliance with the [Code of Practice on Managing the Risk of Fraud and Corruption, 2014](#).

F4 Managing data

4.57. The Council ensures that effective arrangements are in place for the safe collection, storage, use and sharing of data, including decision making and processes to safeguard personal data. This is achieved by:

- Managing data in accordance with the [Data Protection Policy](#), Data Quality Policy, [Records Management Policy](#) and various data sharing protocols, with oversight by the Information Governance Group, to ensure that the arrangements in place are effective.
- Designating the Director of Transformation and Partnerships as the Senior Information Risk Officer to strengthen the Council's arrangements for maintaining good-quality information.
- Holding regular meetings with the ~~Head of Planning and Performance~~ designated Data Protection Officer, Head of ~~ICT~~ Digital and Customer Services and the Council's designated Caldicott Guardian.
- Providing an online Data Protection Act training module for employees.
- Maintaining strong data protection arrangements regarding data sharing with other bodies through standardised subject access requests, a privacy impact assessment process, data sharing agreements and a data sharing register.
- Undertaking a rolling programme of audits to check the quality and accuracy of data used in decision making and performance monitoring.

F5 Strong public financial management

4.58. The Council aims to ensure that financial management supports both long term achievement of outcomes and short-term financial and operational performance. This is combined with seeking to ensure that well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. Investing resources in line with long-term outcomes and priorities as described in the Managing Resources section of the [Council Plan](#), which contains a set of actions with proposed outcomes.

- Making the links with priorities and outcomes detailed in the Council's [Budget Report](#).
- Complying with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance, subject to external audit review.
- Ensuring delivery of transformational change while maintaining service delivery through the [Medium Term Financial Plan](#) process.
- Gaining independent assurance of value for money from the External Auditor.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Why this is important

4.59. Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the Council plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

How we meet this principle

4.60. Key governance documents supporting Principle G include:

[Constitution](#) – Local Code of Corporate Governance.

[Other](#) – [Annual Governance Statement](#); [Annual Statement of Accounts](#); [Local Government Transparency Code 2015](#); [Partnership Governance Framework](#); [Transparency and Accountability webpage](#).

G1 Implementing good practice in transparency

4.61. Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.

4.62. The Council aims to strike a proper balance between providing the right amount of information in a manner that is transparent and enhances public scrutiny while not being too onerous to provide and which readers can interpret. This is achieved by:

- Maintaining a website that is designed to make it easy for users to find information and includes a [Transparency and Accountability webpage](#) to comply with the [Local Government Transparency Code 2015](#).
- Publishing information on the website about services provided, land and assets owned by the Council, organisational structures and salaries, counter fraud, how money is spent and how services are bought.

G2 Implementing good practices in reporting

4.63. The Council is committed to reporting to stakeholders at least annually on performance, value for money and stewardship of resources in a timely and understandable way, while ensuring members and senior management own the results reported. This is achieved by:

- Developing the [Annual Statement of Accounts](#) incorporating the [Annual Governance Statement](#).
- Publishing the [Annual Statement of Accounts](#) on the website, following approval by [Audit Committee](#), taking account of the views of the External Auditor, in line with the Accounts and Audit Regulations.
- Publishing the [Audit Completion Report](#) and Certification of Claims and Returns Annual Report, which provides assurance on the Council's system of financial management.
- Including with published information, the minutes of meetings approving reports to ensure that members and senior management own the results reported.

4.64. The Council seeks to ensure that robust arrangements are maintained for assessing and reporting on the effectiveness of its own governance arrangements, as well as those of related organisations. This is achieved by:

- Developing and maintaining a [Local Code of Corporate Governance](#), approved by [Audit Committee](#), setting out how the Council will meet the principles of good governance.
- Assessing the Council's corporate governance arrangements against its [Local Code of Corporate Governance](#), led by the Corporate Director, Resources in consultation with the ~~Improvement and Planning Group~~ directors and heads of service.
- Ensuring, through the [Partnership Governance Framework](#), that the corporate governance arrangements of partners and jointly managed or shared service organisations are consistent with the Council's [Local Code of Corporate Governance](#).
- Reporting the outcome of the corporate governance review, including planned actions for improvement, in the [Annual Governance Statement](#), approved by the Corporate Management Team and the [Audit Committee](#), and signed by the Leader of the Council and Chief Executive.

4.65. The Council seeks to ensure that it produces financial statements on a consistent and timely basis, in accordance with Financial Reporting Standards, in a way that enables comparison with other, similar organisations.

G3 Assurance and effective accountability

4.66. The Council seeks to provide continuous assurance with regard to its arrangements for governance and internal control by,

- Operating an Internal Audit service, with direct access to members, as a key part of the Council's corporate governance arrangements with the primary aim of supporting the Council to achieve its objectives by helping services to identify, assess, and manage risks, which may prevent or hinder objectives being achieved effectively.
- Ensuring that agreed recommendations made by Internal Audit and External Audit are acted upon by tracking and reporting their progress to [Audit Committee](#).

- Complying with CIPFA's Statement on the Role of the Head of Internal Audit (2010).
- Applying the [Public Sector Internal Audit Standards](#) within all of procedures of the Internal Audit Service.

4.67. The Council welcomes peer challenge, reviews and inspections from regulatory bodies and seeks to ensure that recommendations are implemented.

4.68. The Council seeks to gain assurance on risks associated with delivering services through third parties by,

- Managing relationships with partners through the [Partnership Governance Framework](#), which seeks to ensure that:
 - members are clear about their roles and responsibilities;
 - there is clarity about the legal status of the partnership;
 - representatives both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.

5. Monitoring and Review

5.1. The [Audit Committee](#) and the [Standards Committee](#) are responsible for monitoring and reviewing the various aspects of the Council's corporate governance arrangements.

5.2. The [Audit Committee](#) is responsible for the Council's arrangements relating to:

- Monitoring and reviewing the risk, control and governance processes, and associated assurance processes to ensure internal control systems are effective and that policies and practices are in compliance with statutory and other regulations and guidance;
- Approving the Council's Accounts prior to approval by the County Council;
- Reviewing a draft of this Code of Corporate Governance and recommending any amendments required before it is considered for approval by the Constitution Working Group and Full Council;
- External audit and internal audit;
- Risk Management;
- Making recommendations concerning relevant governance aspects of the [Constitution](#);
- Reviewing the effectiveness of Internal Audit.

5.3. Each year the Council is required to publish a Governance Statement. This process is managed by the Resources Management Team and overseen by the [Audit Committee](#) who is responsible for approving it. The Annual Governance Statement provides an overall assessment of the Council's corporate governance arrangements and an appraisal of the key controls in place to manage the Council's principal governance risks, together with proposed improvements that will be made. This governance review process helps inform any amendments required to this Code of Corporate Governance.

5.4. The Annual Governance Statement will be published as part of the Council's Annual Statement of Accounts and will be reviewed by our External Auditors as part of their annual audit process.

- 5.5. The [Standards Committee](#) is responsible for promoting high ethical standards across the Council, overview of the Member and Officer codes and other relevant protocols.
- 5.6. These two Committees will ensure that the Council's governance arrangements are kept under continual review through;
- Reports prepared by officers with responsibility for aspects of this Code;
 - The work of Internal Audit;
 - External Audit opinion;
 - Other review agencies and Inspectorates;
 - Opinion from the Council's Statutory Officers.
- 5.7. The Council also has a Corporate Overview and Scrutiny Management Board and five Overview and Scrutiny Committees who support the work of the Executive and the Council as a whole. They allow a greater involvement in Council business by involving non-councillors from the wider public sector, and voluntary and community groups to help them in their work, and also work with Partners, including the [County Durham Partnership](#). They may also be consulted by the Executive or the Council on forthcoming decisions or the development of policy. The terms of reference of the Overview and Scrutiny Management Board and its Committees are described in the [Constitution](#).
- 5.8. Within their terms of reference, the Corporate Overview and Scrutiny Management Board and Overview and Scrutiny Committees will:
- review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions;
 - make reports and/or recommendations to the full Council and/or the Cabinet in connection with the discharge of any functions; consider any matter affecting the area or its inhabitants;
 - exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive in accordance with the Overview and Scrutiny Procedure Rules;
 - work to ensure that communities are engaged in the scrutiny process; and consider and implement mechanisms to encourage and enhance community participation in the development of policy options; and
 - promote equality and diversity across all of its work and the work of the County Council.

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Audit Committee

29 November 2018



**Strategic Risk Management
Progress Report for 2018/19
Review 2: 1 June – 30 September 2018**

**Report of Corporate Management Team
John Hewitt, Corporate Director Resources**

Purpose of the Report

- 1 The purpose of this report is to highlight the strategic risks facing the Council and to give an insight into the work carried out by the Corporate Risk Management Group between June and September 2018.

Background

- 2 Each corporate director has a designated service risk manager to lead on risk management at a service grouping level. In addition, the Council has designated the Cabinet Portfolio holder for the Deputy Leader and Finance and the Corporate Director, Resources as member and officer risk champions respectively. Collectively, they meet together with the Risk and Governance Manager as a Corporate Risk Management Group (CRMG). A summary setting out how the Council deals with the risk management framework is included in **appendix 2**.
- 3 Throughout this report, both in the summary and the appendices, all risks are reported as 'net risk' (after putting in place mitigating controls to the 'gross risk' assessment), which is based on an assessment of the impact and likelihood of the risk occurring with existing controls in place.

Current status of the risks to the Council

- 4 As at 30 September 2018, there were 26 risks on the corporate strategic risk register, three more than as at 31 May 2018. During this period, three risks were added and none were removed.
- 5 In summary, the key risks to the Council are:
 - (a) If there was to be slippage in the delivery of the agreed MTFP savings projects, this will require further savings to be made from other areas, which may result in further service reductions and job losses;
 - (b) Ongoing Government funding cuts which now extend to at least 2019/20 will continue to have an increasing major impact on all Council services;

- (c) Failure to protect child from death or serious harm (where service failure is a factor or issue);
- (d) A service failure of Adult Safeguarding leads to death or serious harm to a service user;
- (e) Major Interruption to IT Service Delivery.

Progress on addressing these key risks is detailed in **appendix 3**.

- 6 A list of all of the Council's strategic risks as at 30 September 2018 is included in **appendix 4**.
- 7 Management has identified and assessed these risks using a structured and systematic approach, and is taking proactive measures to mitigate these risks to a manageable level. This effective management of our risks is contributing to improved performance, decision-making and governance across the Council.
- 8 A list of emerging risks is included in **appendix 5**.
- 9 To provide assurance that strategic risks are being effectively managed and that officers and members are appropriately skilled in risk management, performance against key indicators is set out in **appendix 6**.

Recommendations and reasons

- 10 Audit Committee is requested to confirm that this report provides assurance that strategic risks are being effectively managed within the risk management framework across the Council.

Contact: Kevin Roberts Tel: 03000 269657

Appendix 1: Implications

Finance – There are no direct financial implications but effective risk management helps to avoid or minimise financial loss.

Staffing - Staff training needs are addressed in the risk management training plan.

Risk – This report supports the delivery of the objectives of the Council’s Risk Management Strategy.

Equality and Diversity/Public Sector Equality Duty – None

Accommodation - None

Crime and disorder - None

Human rights - None

Consultation – None

Procurement – None.

Disability issues – None.

Legal Implications – There are no direct implications but effective risk management helps to ensure compliance with legal and regulatory obligations.

Appendix 2: How the Council manages the Risk Management Framework

The Cabinet and the Corporate Management Team have designated the Cabinet Portfolio Holder for the Deputy Leader and Finance and the Corporate Director, Resources as Member and Officer Risk Champions respectively. Together they jointly take responsibility for embedding risk management throughout the Council, and are supported by the Chief Internal Auditor and Corporate Fraud Manager, the lead officer responsible for risk management, as well as the Risk and Governance Manager.

Each service grouping also has a designated service risk manager to lead on risk management at a service grouping level, and act as a first point of contact for staff who require any advice or guidance on risk management. Collectively, the risk champions, service risk managers and the Risk and Governance Manager meet together as a Corporate Risk Management Group. This group monitors the progress of risk management across the Council, advises on strategic risk issues, identifies and monitors corporate cross-cutting risks, and agrees arrangements for reporting and awareness training.

An Audit Committee is in place, and one of its key roles is to monitor the effective development and operation of risk management and overall corporate governance in the Authority.

It is the responsibility of the Corporate Directors and the Director of Transformation and Partnerships to develop and maintain the internal control framework and to ensure that their service resources are properly applied in the manner and to the activities intended. Therefore, in this context, heads of service are responsible for identifying and managing the key risks which may impact on their respective service, and providing assurance that adequate controls are in place, and working effectively to manage these risks where appropriate. In addition, independent assurance of the risk management process, and of the risks and controls of specific areas, is provided by Internal Audit. Reviews by external bodies, such as the Audit Commission, Ofsted and Care Quality Commission, may also provide some independent assurance of the controls in place.

Risks are assessed in a logical and straightforward process, which involves the risk owner (within the service) assessing both the impact on finance, service delivery or stakeholders if the risk materialises, and also the likelihood that the risk will occur over a given period. The assessment is confirmed by the Service Management Team.

An assurance mapping framework is being developed to demonstrate where and how the Council receives assurance that its business is run efficiently and effectively, highlighting any gaps or duplication that may indicate where further assurance is required or could be achieved more effectively.

The Council is also jointly responsible for responding to civil emergencies (such as severe weather events, network power losses and flu epidemics) through the County Durham and Darlington Local Resilience Forum. An explanation of the arrangements for managing the risk of such events and a copy of the latest Community Risk Register can be found on the web page of the County Durham and Darlington [Local Resilience Forum](#).

Appendix 3: Progress on the management of the Council’s Strategic Risks

Risks are assessed at two levels:

- Gross impact and likelihood are based on an assessment of the risk without any controls in place;
- Net impact and likelihood are based on the assessment of the current level of risk, taking account of the existing controls/ mitigation in place.

As at 30 September 2018, there were 26 risks on the corporate strategic risk register, three more than as at 31 May 2018. During this period, three risks were added and none were removed.

The following matrix profiles the strategic risks according to their net risk evaluation as at 30 September. To highlight changes in each category during the last period, the number of risks as at 31 May 2018 is shown in brackets.

Overall number of Strategic Risks as at 30 September 2018

Impact					
Critical	1 (1)		4 (4)		1 (1)
Major		5 (4)	4 (3)		
Moderate			8 (9)	2 (1)	
Minor				1 (0)	
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

In the above matrix, the risk assessed as Critical/Highly Probable is, “Ongoing Government funding cuts which now extend to at least 2019/20 will continue to have an increasing major impact on all Council services.”

The key risks are reported in more detail below. In summary, key points to draw to your attention are:

New Risks

- 1 “Volatile and high-cost, demographic demands of looked after children on the Children’s Services budget in 2018/19 may result in adverse impacts on finance and service delivery” (appendix 4, risk 16).

Some elements of this budget, particularly, looked after children, are high cost and volatile, and current external demographic demands are creating a strain on financial resource allocation. A range of mitigating controls are in place, including both financial and quality monitoring. The Council is also leading on establishing a regional organisation for adoption in collaboration with partners.

The net impact has been evaluated as moderate with a probable likelihood of occurrence. **(CYPS)**

- 2 *“Increasing demand on the Dedicated Schools Grant budget for High Needs Block special educational needs services may result in adverse impacts on finance and service delivery”* (appendix 4, risk 18).

The forecast overspend in County Durham for special educational needs school funding for 2018/19 is currently at £5.1 million, where demand for these services has increased significantly in recent years. Councillors are being asked to authorise an application to the Secretary of State for Education asking for permission to transfer funding from the mainstream school budget to the special educational needs budget. It is hoped that transferring funds from the mainstream schools funding block will help address the shortfall in funding for pupils with special educational needs. The net impact has been evaluated as minor with a probable likelihood of occurrence. **(CYPS)**

- 3 *“Risk that the Council breaches it’s Adult Care – Residential Care Charging Policy and Deferred Payment Policy and is subject to legal challenge by Providers.”* (appendix 4, risk 20).

This risk reflects the potential implications of the circumstances under which the Council exercises its discretion, under the Care Act 2014. Significant work has been completed in this area to review and update the Council’s Adult Care – Residential Care Charging Policy and Deferred Payment Policy. Consequently, the net impact has been evaluated as major with an unlikely chance of occurrence. **(AHS)**

Increased Risks

- 4 *“Government moves towards a National Funding Formula threaten the viability of some schools”* (appendix 4, risk 17).

The net impact of this risk has been marginally upgraded from moderate to major to reflect the potential implications of the funding changes. **(CYPS)**

Reduced Risks

- 5 No risks had their net evaluation reduced during the period.

Key Risks

6 The Council's key risks are shown in the following table.

Key Risks Matrix

Net Impact					
Critical			Risk 1 MTFP Slippage Risk 3 Child Safeguarding Risk 4 Adult Safeguarding Risk 5 Major Interruption to IT Service Delivery		Risk 2 Ongoing Government funding cuts
Major					
Moderate					
Minor					
Insignificant					
Net Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

In this matrix, the key risks have been arranged according to the net impact and net likelihood evaluations to illustrate their relative severity. The full title of each risk is shown in the Key Risks Schedule on the following pages.

Key Risks Schedule

The schedule below contains information about how the key risks are being managed, including proposed key actions. Where there have been changes to the risk assessment during the last quarter, these are highlighted in the column headed 'Direction of Travel'. The final column states when it is anticipated that the risk will have been reduced to an acceptable level.

Ref	Service owning the risk	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
1	RES Risk Owner: Jeff Garfoot	Altogether Better Council	If there was to be slippage in the delivery of the agreed MTFP savings projects, this will require further savings to be made from other areas, which may result in further service reductions and job losses.	Critical	Possible	The Delivery plan implementation will be monitored by CMT and Cabinet.		This will be a significant risk for at least the next 4 years. No further mitigation is planned at the current stage.
2	RES Risk Owner: Jeff Garfoot	Altogether Better Council	Ongoing Government funding cuts which now extend to at least 2019/20 will continue to have an increasing major impact on all Council services.	Critical	Highly Probable	Sound financial forecasting is in place based on thorough examination of the Government's "red book" plans.		This will be a significant risk for at least the next 4 years.
3	CYPS Risk Owner: Helen Fergusson	Altogether Better for Children and Young People	Failure to protect child from death or serious harm (where service failure is a factor or issue)	Critical	Possible	Actions are taken forward from Serious Case Reviews and reported to the Local Safeguarding Children Board. Lessons learned are fed into training for front line staff and regular staff supervision takes place. Procedures are reviewed on a regular basis.		Nationally there has been a statutory change to when Serious Case Reviews are undertaken. This risk is long term.

Ref	Service owning the risk	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
4	AHS Risk Owner: Lee Alexander	Altogether Safer	A service failure of Adult Safeguarding leads to death or serious harm to a service user.	Critical	Possible	As the statutory body, the multi-agency Safeguarding Adults Board has a Business Plan in place for taking forward actions to safeguard vulnerable adults including a comprehensive training programme for staff and regular supervision takes place. Procedures are reviewed on a regular basis.		Nationally there has been an increased awareness of potential vulnerabilities relating to adults with care and support needs and concern about the pressure to discharge some service users under the Transforming Care programme without agreement on necessary resourcing to meet their multiple complex needs. This risk is long term.
5	RES Risk Owner: Alan Patrickson	Altogether Better Council	Major Interruption to IT Service Delivery	Critical	Possible	A programme for an electrical upgrade has been developed		The electrical upgrade works are underway and are scheduled to be completed by the end of December 2018.

Appendix 4: List of all Strategic Risks (per Corporate Theme)

Based on the **Net** risk assessment as at 30 September 2018, the following tables highlight the risks for each Corporate Theme.

Corporate Theme – Altogether Better Council

Ref	Service	Risk
1	RES	If there was to be slippage in the delivery of the agreed MTFP savings projects, this will require further savings to be made from other areas, which may result in further service reductions and job losses.
2	RES	Ongoing Government funding cuts which now extend to at least 2019/20 will continue to have an increasing major impact on all Council services.
3	RES	Major Interruption to IT Service Delivery
4	T&P	Serious breach of law regarding management of data/information, including an unauthorised release requiring notification to ICO
5	T&P	Risk that the Council does not respond to the Government's changes to Welfare Reform
6	T&P	Failure to consult with communities on major service & policy changes leading to legal challenge & delays in implementation
7	REAL	Potential adverse financial and operational impacts of the Homelessness Reduction Act 2017 on the Housing Solutions service.
8	RES	Serious breach of Health and Safety Legislation
9	T&P	The Council may be unable to effectively deliver essential services during the period of recovery following a cyber-attack.
10	T&P	Potential breach of the EU General Data Protection Regulations
11	T&P	Failure to consider equality implications of decisions on communities leading to legal challenge and delays in implementation
12	RES	Due to the current economic climate and amount of change occurring across the Council, there is potential for increases in fraud and corruption.
13	T&P	Failure to prepare for, respond to and recover from a disruptive event, leading to a major interruption to the provision of essential services by the Council.

Altogether Better for Children and Young People

Ref	Service	Risk
14	CYPS	Failure to protect child from death or serious harm (where service failure is a factor or issue)
15	CYPS	Inability to recruit and retain children's social workers and social work managers may seriously inhibit the delivery of services.
16	CYPS	Volatile and high-cost, demographic demands of looked after children on the Children's Services budget in 2018/19 may result in adverse impacts on finance and service delivery.
17	CYPS	Government moves towards a National Funding Formula threaten the viability of some schools.
18	CYPS	Increasing demand on the Dedicated Schools Grant budget for High Needs Block special educational needs services may result in adverse impacts on finance and service delivery.

Altogether Greener

No significant strategic risks have been identified under this theme.

Altogether Healthier

	Service	Risk
19	AHS	Pressures nationally across residential, nursing and domiciliary care providers, could affect the availability, delivery, continuity, quality, sustainability and capacity of care provision within County Durham.
20	AHS	Risk that the Council breaches it's Adult Care – Residential Care Charging Policy and Deferred Payment Policy and is subject to legal challenge by Providers.

Altogether Safer

	Service	Risk
21	AHS	A service failure of Adult Safeguarding leads to death or serious harm to a service user.
22	T&P	Breach of duty under Civil Contingencies Act by failing to prepare for, respond to and recover from a major incident, leading to a civil emergency.
23	REAL	Damage to Highways assets as a result of a severe weather event.
24	REAL	Serious injury or loss of life due to Safeguarding failure (Transport Service)

Altogether Wealthier

	Service	Risk
25	REAL	Future strategic direction of the Council and the County will be adversely impacted if the County Durham Plan is not adopted.
26	REAL	Progressive land slippage near the A690 may develop to an extent where a major road closure is necessary for repairs to be undertaken.

Appendix 5: Emerging Strategic Risks

In this context, emerging risks are newly developing or changing risks which are difficult to quantify, but which may have a major impact on the Council if they materialise in the future. Risks 1 and 2 in the table below have been included in earlier Audit Committee reports and updates are provided.

Ref	Emerging Risk	Description	Risk Owner	Update and Actions
1	European Union	Following the referendum in June 2016, in which the United Kingdom voted to leave the European Union, there will potentially be adverse effects on the economy, safety and welfare of the County, particularly in the event of a “no deal Brexit”.	Lorraine O'Donnell	To inform the Council's planning arrangements, officers are reviewing the Government guidance for local authorities on how to prepare if the United Kingdom leaves the European Union with no deal.
2	Potential increase in equal pay claims	Increasing numbers of equal pay claims from staff using a specific group as a comparator.	John Hewitt	Officers are monitoring developments and there are ongoing negotiations and consultation with trade unions.

Appendix 6: Performance of Risk Management

Performance Indicators - Tangible Measures

Objective: To demonstrate that risks are being effectively managed				
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Last Period	This Period
All risks are reviewed on a continual cycle	Service Risk Review completed each quarter	100% (Quarterly)	100%	100%
Risk mitigation is being implemented as planned	Risk actions on high-scoring risks implemented within target date	Target N/A (Quarterly)	No outstanding actions	No outstanding actions
Risks are being effectively managed	Number of current risks where Net risk scores have reduced over the quarter	Target N/A (Quarterly)	None	One risk
Contributing to effective corporate governance	Meeting CIPFA governance principles and objectives on risk management	Confirmed in the annual review of the effectiveness of corporate governance (Annual)	The updated Local Code of Corporate Governance was approved by Audit Committee on 30 November 2017.	The draft Annual Governance Statement was approved by Audit Committee on 1 June 2018.
Objective: To ensure that Officers and Members are appropriately skilled in risk management				
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Last Period	This Period
Appropriate staff are adequately skilled in risk management	Number of officers attending risk management training course	Target N/A (Quarterly)	No training provided in this period.	No training provided in this period. However, the Council's insurer, Zurich Municipal, will delivering a major programme of training for managers in early 2019.
Members are adequately skilled in risk management	New Members attending risk management training course within 6 months of being elected (for co-opted members, within 6 months of being appointed)	75% (Quarterly)	No training provided in this period.	No training provided in this period.

Audit Committee

29 November 2018



**Internal Audit Progress Report
Period Ended 30 September 2018**

**Report of Paul Bradley, Chief Internal Auditor and Corporate Fraud
Manager**

Purpose of the Report

- 1 To inform Members of the work that has been carried out by Internal Audit during the period 1 April 2018 to 30 September 2018 as part of the 2018/2019 Internal Audit Plan.
- 2 The report aims to:
 - (a) Provide a high level of assurance, or otherwise, on internal controls operating across the Council that have been subject to an Internal Audit of systems and processes;
 - (b) Advise of issues where controls need to be improved in order to effectively manage risks;
 - (c) Advise of other types of audit work carried out such as grant certification or consultancy reviews where an assurance opinion on the control environment may not be applicable;
 - (d) Advise of amendments to the Internal Audit Plan;
 - (e) Track the progress of responses to Internal Audit reports and the implementation of agreed audit recommendations;
 - (f) Advise of any changes to the audit process;
 - (g) Provide an update on the performance indicators comparing actual performance against planned.
- 3 The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).

- (a) Appendix 2 – Progress against the Internal Audit Plan;
- (b) Appendix 3 – Final reports issued in the quarter ended 30 September 2018;
- (c) Appendix 4 – The number of high and medium priority actions raised and implemented;
- (d) Appendix 5 – Internal Audit performance indicators;
- (e) Appendix 6* – Overdue Actions;
- (f) Appendix 7* – Limited Assurance Audit Opinions.

Background

- 4 As an independent consultancy service, the Council’s Internal Audit Team strives to continue to add value and improve the organisation’s operations as well as providing objective assurance to service managers and the Council.
- 5 The Internal Audit Strategy and Annual Internal Audit Plan, covering the period 1 April 2018 to 31 March 2019, was approved by the Audit Committee on 01 June 2018.

Progress against the Internal Audit Plan

- 6 A summary of the approved Internal Audit Plan for each Service Grouping, updated to include work in progress and any audits brought forward from last year’s plan, is attached at Appendix 2. The appendix illustrates the status of each audit as at 30 September 2018 and, where applicable, also gives the resultant assurance opinion.
- 7 A summary of the status of audits in 2018/19 is illustrated in the table below:

Service Grouping	Not Started	Planning and Preparation	In Progress	Draft Report	Final Report / Complete
Adult and Health Services (AHS)	8	3	8	1	3
Children and Young People’s Services (CYPS) *Excluding Schools	16	9	7	0	10
Regeneration and Local Services (REAL)	16	18	5	2	19
Resources (RES)	32	26	23	1	32
Schools	3	33	6	3	50
Transformation and Partnerships (TAP)	3	0	3	0	3
TOTAL	78	89	52	7	117

- 8 A summary of the final internal audit reports issued in this quarter is presented in Appendix 3.
- 9 The total number of productive Internal Audit days required to deliver the plan is 4,367. As at 30 September 2018, the service had delivered 2,122 productive days, representing 48% of the total plan. The target at the end of the quarter was for 45% to be delivered, therefore performance has achieved the target.

Internal Audit activity in the quarter

Amendments to the Approved 2018/2019 Internal Audit Plan

- 10 The following three reviews were removed from the approved Internal Audit Plan in the quarter, following agreement between Corporate Directors and the Chief Internal Auditor and Corporate Fraud Manager.

Service Grouping	Audit	Audit Type	Reason
Adult and Health Services (AHS)	Direct Payments	Assurance	Assurance activity deferred to 2019/20 as arrangements will be subject to change once SSID replacement system is introduced. Replaced with Advice and Consultancy review to support service through the changes.
Adult and Health Services (AHS)	Personalisation	Assurance	Assurance activity deferred to 2019/20 as arrangements will be subject to change once SSID replacement system is introduced. Replaced with Advice and Consultancy review to support service through the changes.
Children and Young People's Services (CYPS)	Adoption Services	Assurance	Arrangements are included for review by TAP as part of its transformation business process reviews and will be subject to change once the SSID replacement system is introduced. Activity to be deferred to 2019/20.

- 11 Seven unplanned reviews were added to the Internal Audit Plan in the quarter. These reviews, which are detailed below, were sourced from the service contingency provision within the Internal Audit Plan.

Service Grouping	Audit	Audit Type	Reason
Adult and Health Services (AHS)	Workforce Development Innovation Fund	Grant	Bid requirements include Internal Audit sign off of expenditure incurred at each of 3 progress milestones.
Adult and Health Services (AHS)	Development of a Direct Payment Audit Risk Tool	Advice and Consultancy	Service Manager considering feasibility of compiling a risk tool to determine the frequency for carrying out DP audits.

Service Grouping	Audit	Audit Type	Reason
Adult and Health Services (AHS)	Creditors Supplier Masterfile - Commissioning – Non-Residential Data Matching	Advice and Consultancy	Support in matching SSID system relating to Non-Residential services against the Creditors supplier Masterfile
Adult and Health Services (AHS)	Direct Payments	Advice and Consultancy	Advice and consultancy review added to support service through changes relating to the SSID replacement system.
Adult and Health Services (AHS)	Personalisation	Advice and Consultancy	Advice and consultancy review added to support service through changes relating to the SSID replacement system.
Children and Young People's Services (CYPS)	Youth Employment Initiative - Arrangements for the provision of Petty Cash to DurhamWorks	Advice and Consultancy	Service request regarding feasibility of providing 'petty cash' to DurhamWorks employees following closure of the One Point Hubs.
Resources (RES)	Gifts and Hospitality	Advice and consultancy	Audit added at the request of the service to review compliance with the policy.

Outstanding Management Responses to Draft Internal Audit Reports

12 There are no draft internal audit reports overdue at the time of writing.

Survey Response Rate

13 The table below sets out the response rate and average score, by Service Grouping, for the customer satisfaction surveys issued during the period up to 30 September 2018.

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Adult and Health Services (AHS)	0	0	N/A	N/A
Children and Young People's Services (CYPS) *Excluding Schools	5	5	100	4.6
Regeneration and Local Services (REAL)	8	7	88	4.4
Resources (RES)	34	32	94	4.6
Schools	41	27	66	4.7
Transformation and Partnerships (TAP)	3	2	67	4.4
TOTAL	91	73	80	4.6

Responses to Internal Audit Findings and Recommendations

14 Details of the numbers of High and Medium priority ranked recommendations that have been raised and those that are overdue, by Service Grouping, are presented in Appendix 4.

- 15 A summary of progress on the actions due, implemented and overdue, as at 30 September 2018, is given in the table below.

Service Grouping	No. of Actions Due	No. of Actions Implemented	No. Overdue by Original Target Date	No. with Revised Target Date	No. Overdue by Revised Target Date
Adult and Health Services (AHS)	88	83	5 (6%)	5	0
Children and Young People's Services (CYPS) [Excluding Schools]	176	161	15 (9%)	15	0
Regeneration and Local Services (REAL)	411	403	8 (2%)	8	0
Resources (RES)	537	523	14 (3%)	14	0
Transformation and Partnerships (TAP)	38	36	2 (5%)	2	0
TOTAL	1,250	*1,206	44 (4%)	44	0

* Includes 10 high priority actions to be confirmed as implemented.

- 16 It is encouraging to note that, of the 1,250 actions due to be implemented, 1,206 (96%) have been implemented.
- 17 Details of the actions that are overdue, following their agreed original target dates, are included at Appendix 6.

Limited Assurance Audit Opinions

- 18 There have been three audits, finalised in this quarter, that have been issued with a 'limited assurance' opinion. These are summarised in the table below.

Service Grouping	Service Area	Audit
Children and Young People's Services (CYPS)	Education Services	Two Primary Schools
Children and Young People's Services (CYPS)	Early Help, Assessment and Safeguarding	Petty Cash arrangements across CYPS Locality Offices, One Point Hubs and Children's Centres

- 19 Further details of the findings from these audits are included within Appendix 7.

Performance Indicators

- 20 A summary of actual performance, as at the end of September 2018, compared with our agreed targets is detailed in Appendix 5.

Recommendations

21 Members are asked to note:

- (a) The amendments made to the 2018/19 Annual Internal Audit Plan;
- (b) The work undertaken by Internal Audit during the period ending 30 September 2018;
- (c) The performance of the Internal Audit Service during the period;
- (d) The progress made by service managers in responding to the work of Internal Audit.

Contact: Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager
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Appendix 1: Implications

Finance – There are no specific financial implications associated with this report. Internal Audit work has clear and direct effects, through recommendations made, to assist in improving value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

Staffing – None.

Risk – The key risk is that actions agreed in audit reports to improve the control environment and assist the Council in achieving its objectives are not implemented. To mitigate this risk, a defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit Committee. Where progress has not been made, further action is agreed and overseen by the Audit Committee to ensure action is taken.

Equality and Diversity / Public Sector Equality Duty – None.

Accommodation – None.

Crime and Disorder – None.

Human Rights – None.

Consultation – All Corporate Directors, the Director of Transformation and Partnerships and all Heads of Service.

Procurement – None.

Disability Issues – None.

Legal Implications – There are no specific legal implications associated with this report. Internal Audit contribute to the effective governance of the Council and provide relevant and appropriate challenge and oversight where necessary.

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2018

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
2017 / 2018 Internal Audit Plan - Audits Brought Forward					
Adult and Health Services	Adult Care	Notification of Service – Impact of Financial Assessment on Income Collection (RES)	Advice & Consultancy	Not Yet Started	
Adult and Health Services	Adult Care	Continuing Health Care - Joint Funding Arrangements and Free Nursing Care	Assurance	Planning and Preparation	
Adult and Health Services	Adult Care	County Durham Care & Support Review	Advice & Consultancy	Complete	N/A
Adult and Health Services	Adult Care	Review of Operational Procedures in relation to Trinity Keys	Advice & Consultancy	Complete	N/A
Adult and Health Services	Commissioning	Creditors - Supplier Masterfile Commissioning - SSID Independent Sector Suppliers	Assurance	Not Yet Started	
Adult and Health Services	Commissioning	Creditors - Supplier Masterfile Commissioning - SSID Independent Sector Suppliers	Advice & Consultancy	Final Report	N/A
Adult and Health Services	Commissioning	Approval and Payment of Commissioned Services within SEND (Approval and Payment)	Assurance	Planning and Preparation	
Children and Young People's Services	Early Help, Assessment and Safeguarding	Review of the Petty Cash Arrangements across CYPS Locality Offices, One Point Hubs	Assurance	Final Report	Limited
Children and Young People's Services	Early Help, Assessment and Safeguarding	Special Guardianship and Child Arrangement Orders	Assurance	Not Yet Started	
Children and Young People's Services	Early Help, Assessment and Safeguarding	Ferryhill Hub - (Establishment Core Financial Audit)	Assurance	Final Report	Moderate
Children and Young People's Services	Early Help, Assessment and Safeguarding	Section 17 Payments - Support to Service Workstream in Response to	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Early Help, Assessment and Safeguarding	Supervised Spend - Support to Service in Response to Recommendations	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Education Services	Youth Employment Initiative - Durham Works Participants Claim	Advice & Consultancy	Final Report	Substantial
Children and Young People's Services	Education Services	Approval and Payment of Commissioned Services within SEND	Assurance	Planning and Preparation	
Children and Young People's Services	Education Services	Schools Financial Value Standard (SFVS)	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Education Services	Schools - Safe Recruitment and Selection	Assurance	Planning and Preparation	
Children and Young People's Services	Education Services	Award of additional pay in Schools	Assurance	Not Yet Started	
Children and Young People's Services	Education Services	Arrangements for the allocation of SEN funding and its application in schools	Assurance	Not Yet Started	
Children and Young People's Services	Education Services	Arrangements for the allocation of Pupil Premium Funding and its application in schools	Assurance	Not Yet Started	
Children and Young People's Services	Looked After Children and Care Leavers	Foster Carer Payments (Follow Up)	Assurance	In Progress	
Children and Young People's Services	Looked After Children and Care Leavers	Adoption Services	Assurance	Defer to 2019/20	N/A
Children and Young People's Services	Looked After Children and Care Leavers	West Rainton Children's Home (Establishment Audit)	Assurance	Final Report	Moderate
Children and Young People's Services	Looked After Children and Care Leavers	Park House (Establishment Audit)	Assurance	Final Report	Moderate
Children and Young People's Services	Looked After Children and Care Leavers	Aycliffe Secure Services Centre - Support in Service Response to Recommendations	Advice & Consultancy	Complete	N/A
Regeneration and Local Services	Planning & Assets	North Pennines AONB Partnership - Atlantic Geoparks 1	Grant	Planning and Preparation	
Regeneration and Local Services	Planning & Assets	Land Sales	Advice & Consultancy	Final Report	N/A
Regeneration and Local Services	Planning & Assets	Planning Applications	Assurance	Final Report	Substantial
Regeneration and Local Services	Planning & Assets	Asset Management - Final Accounts	Assurance	Final Report	Moderate
Regeneration and Local Services	Economic Development & Housing	Disabled Facilities Grant - VFM Review	Advice & Consultancy	Draft Report	
Regeneration and Local Services	Economic Development & Housing	New Homes Bonus - Affordable Homes	Advice & Consultancy	Final Report	N/A
Regeneration and Local Services	Economic Development & Housing	Choice Based Lettings	Assurance	Final Report	Substantial
Regeneration and Local Services	EHCP	Licensing Arrangements for Houses in Multiple occupations	Advice & Consultancy	Planning and Preparation	
Regeneration and Local Services	Transport and Contract Services	Local Growth Fund - Forest Park	Grant	Planning and Preparation	
Regeneration and Local Services	Transport and Contract Services	Local Growth Fund - Bishop Auckland Market Place	Grant	Planning and Preparation	
Regeneration and Local Services	Transport and Contract Services	Transport Follow up	Assurance	Final Report	Moderate
Regeneration and Local Services	Direct Services	Fly Tipping	Assurance	In Progress	
Regeneration and Local Services	Direct Services	Fleet Management	Assurance	Draft Report	
Regeneration and Local Services	Direct Services	Waste Transfer Station (Thornley) - Financial Procedures	Advice & Consultancy	Planning and Preparation	
Regeneration and Local Services	Direct Services	Durham Crematorium	Assurance	Final Report	Substantial
Regeneration and Local Services	Direct Services	Mountsett Crematorium	Assurance	Final Report	Substantial
Regeneration and Local Services	Direct Services	Bulky Goods Collections Service	Assurance	Final Report	Substantial
Regeneration and Local Services	Culture and Sport	Catering	Advice & Consultancy	Planning and Preparation	
Regeneration and Local Services	Culture and Sport	Stanley Bowls	Advice & Consultancy	Final Report	N/A
Regeneration and Local Services	Culture and Sport	Leisureworks	Advice & Consultancy	In Progress	
Resources	Legal & Democratic Services	Electoral Services	Assurance	Final Report	Substantial
Resources	Legal & Democratic Services	Use of Social Media in Covert Investigations	Assurance	Final Report	Moderate
Resources	Corporate Finance and Commercial Services	Contract Register	Assurance	Final Report	Moderate
Resources	Corporate Finance and Commercial Services	Contract Management	Assurance	Final Report	Moderate
Resources	Corporate Finance and Commercial Services	Off Contract Spend	Assurance	Final Report	Moderate
Resources	Corporate Finance and Commercial Services	Procurement Cards (Follow Up)	Assurance	Final Report	Limited
Resources	Corporate Finance and Commercial Services	Treasury Management	Key System	Final Report	Substantial
Resources	Corporate Finance and Commercial Services	General Ledger	Key System	Final Report	Substantial
Resources	Corporate Finance and Commercial Services	Medium Term Financial Plan	Key System	Planning and Preparation	

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2018

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Resources	Corporate Finance and Commercial Services	VAT	Key System	Planning and Preparation	
Resources	Corporate Finance and Commercial Services	Health and Safety Training Requirements (Follow Up)	Assurance	Final Report	N/A
Resources	People and Talent Management	Flexible Working - Variations to Contracts	Assurance	Final Report	Moderate
Resources	Finance and Transactional Services	Review of SLAs	Advice & Consultancy	In Progress	
Resources	Digital and Customer Services	Mobile computing (Follow Up)	Assurance	Final Report	N/A
Resources	Digital and Customer Services	Office 365	Advice & Consultancy	Planning and Preparation	
Resources	Digital and Customer Services	Business Continuity for ICT	Assurance	Final Report	Moderate
Resources	Digital and Customer Services	Information Security - Procurement	Assurance	In Progress	
Resources	Finance and Transactional Services	Council Tax	Key System	In Progress	
Resources	Finance and Transactional Services	Council Tax: Liability - Disabled Band Relief & Class U - Mental Impairments	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Council Tax: Refunds	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Council Tax: System Access	Key System	In Progress	
Resources	Finance and Transactional Services	Business Rates	Key System	In Progress	
Resources	Finance and Transactional Services	Business Rates - Valuation	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Business Rates - Liability inc reliefs & exemptions	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Business Rates - Refunds	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Business Rates - System Access	Key System	In Progress	
Resources	Finance and Transactional Services	Housing Benefits and Council Tax Reduction	Key System	In Progress	
Resources	Finance and Transactional Services	Housing and Council Tax Benefits: Assessment - New Claims & Change in	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Housing and Council Tax Benefits: Review Team - Assessment Reviews	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Housing & Council Tax Benefit - System Access	Key System	In Progress	
Resources	Finance and Transactional Services	Housing & Council Tax Benefit - Supported Accommodation	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Enforcement, including bailiffs arrangements	Assurance	Final Report	Substantial
Resources	Finance and Transactional Services	Creditor Payments	Key System	Final Report	Moderate
Resources	Finance and Transactional Services	Transparency Agenda - Interest on Late payments	Advice & Consultancy	Final Report	N/A
Resources	Finance and Transactional Services	Payroll	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Payroll - Starters & Leavers	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Payroll - Preparation - Temporary input	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Payroll - Preparation - Permanent input	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Debtors	Key System	In Progress	
Resources	Finance and Transactional Services	Debtors - Supporting Documentation (Commercial Rents)	Key System	Final Report	Moderate
Resources	Finance and Transactional Services	Debtors - Credit Notes & Write Offs (School Transport - Trade Waste - Works in Default)	Key System	Final Report	Moderate
Resources	Finance and Transactional Services	Debtors - Refunds	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Cash Management	Key System	In Progress	
Resources	Finance and Transactional Services	Cash Management - County Hall	Key System	Draft Report	
Resources	Finance and Transactional Services	Cash Management - Dales Centre	Key System	Final Report	Moderate
Resources	Finance and Transactional Services	Section 256 agreements	Grant	Final Report	N/A
Transformation and Partnerships	Communications and Information Management	Data Protection - Accessing External Databases	Assurance	Cancelled	
Transformation and Partnerships	Partnerships and Community Engagement	Community Buildings - Health and Safety Compliance	Assurance	Final Report	Moderate
Transformation and Partnerships	Partnerships and Community Engagement	Community Grants Sample	Assurance	Final Report	Moderate
2018 / 2019 Internal Audit Plan					
Adult and Health Services	Adult & Health Services	Integration of Health and Care Plan for County Durham	Advice & Consultancy	In Progress	
Adult and Health Services	Adult Care	Direct Payments	Assurance	Defer to 2019/20	
Adult and Health Services	Adult Care	Direct Payment Cards	Advice & Consultancy	In Progress	
Adult and Health Services	Adult Care	Review of Section 117 Process	Assurance	Not Yet Started	
Adult and Health Services	Adult Care	Social Care Direct	Assurance	Not Yet Started	
Adult and Health Services	Adult Care	SSID Replacement	Advice & Consultancy	In Progress	
Adult and Health Services	CDCS	Supported Housing - Household A/Cs	Assurance	Draft Report	
Adult and Health Services	Commissioning	Commissioning of Learning Disability Services	Assurance	Not Yet Started	
Adult and Health Services	Commissioning	Commissioning of Learning Disability Services - Advice	Advice & Consultancy	Not Yet Started	
Adult and Health Services	Commissioning	Personalisation – Delivery of Services via the use of virtual budgets and through	Assurance	Defer to 2019/20	
Adult and Health Services	Public Health	Support to the DPH - Health Protection	Advice & Consultancy	In Progress	

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2018

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Adult and Health Services	Public Health	0-19 Health Visitor and School Nursing Service	Assurance	In Progress	
Adult and Health Services	Public Health	Pharmoutcomes - Data Matching	Advice & Consultancy	In Progress	
Adult and Health Services	Adult Care	Workforce Development Innovation Fund	Fund Certification	Planning and Preparation	
Adult and Health Services	Adult Care	Development of a Direct Payment Audit Risk Tool	Advice & Consultancy	In Progress	
Adult and Health Services	Commissioning	Creditors Supplier Masterfile - Commissioning – Non-Residential Data Matching	Advice & Consultancy	In Progress	
Adult and Health Services	Commissioning	Personalisation	Advice & Consultancy	Not Yet Started	
Adult and Health Services	Adult Care	Direct Payments	Advice & Consultancy	Not Yet Started	
Children and Young People's Services	Early Help, Assessment and Safeguarding	Children Safeguarding Governance Arrangements	Assurance (DAS)	Not Yet Started	
Children and Young People's Services	Early Help, Assessment and Safeguarding	Troubled Families Programme	Grant Claims	Planning and Preparation	
Children and Young People's Services	Early Help, Assessment and Safeguarding	Section 17 Payments Follow Up	Assurance	Planning and Preparation	
Children and Young People's Services	Early Help, Assessment and Safeguarding	Section 17 Payments	Assurance	Not Yet Started	
Children and Young People's Services	Early Help, Assessment and Safeguarding	Childrens Centres and Hubs Establishment Review	Assurance	Not Yet Started	
Children and Young People's Services	Early Help, Assessment and Safeguarding	Review of the Petty Cash Arrangements across CYPS Locality Offices, One Point Hubs	Assurance	Planning and Preparation	
Children and Young People's Services	Education	Youth Employment Initiative - Durham Works	Advice & Consultancy	Not Yet Started	
Children and Young People's Services	Education	Youth Employment Initiative - Durham Works	Assurance	Not Yet Started	
Children and Young People's Services	Education	Adult Learning Service	Assurance	Not Yet Started	
Children and Young People's Services	Education - Schools	SFVS	Assurance	Not Yet Started	
Children and Young People's Services	Education - Schools	Governor Training	Advice & Consultancy	In Progress	
Children and Young People's Services	Education - Schools	SBM Training	Advice & Consultancy	Not Yet Started	
Children and Young People's Services	Education - Schools	Headteacher Group	Advice & Consultancy	Planning and Preparation	
Children and Young People's Services	Education - Schools	School User Provider Group	Advice & Consultancy	In Progress	
Children and Young People's Services	Looked After Children and Care Leavers	Foster Carer Payments - Review of Procedures	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Looked After Children and Care Leavers	Children's Homes: Moorside	Assurance	Not Yet Started	
Children and Young People's Services	Looked After Children and Care Leavers	Children's Homes: New Lea	Assurance	Not Yet Started	
Children and Young People's Services	Looked After Children and Care Leavers	SSID Replacement: SSID Board	Advice & Consultancy	In Progress	
Children and Young People's Services	Looked After Children and Care Leavers	SSID Replacement: Finance Workstream - processes linked to parallel run of data	Assurance	In Progress	
Children and Young People's Services	Looked After Children and Care Leavers	Aycliffe Secure Services Centre - Follow Up	Assurance	Planning and Preparation	
Children and Young People's Services	Locality and Operational Support	Caldicott Compliance	Assurance	Planning and Preparation	
Children and Young People's Services	Locality and Operational Support	Caldicott Group	Advice & Consultancy	In Progress	
Children and Young People's Services	Education Services	School Programme (governance and financial management)	Assurance	10 Substantial 24 Moderate 3 Limited 13 N/A	
Children and Young People's Services	Education Services	Audit of School Voluntary Funds	Fund Certification	26 Complete	
Children and Young People's Services	Education Services	National College for Teaching and Leadership (NCTL) - Direct Salaried Grant	Grant Certification	Not Yet Started	
Children and Young People's Services	Education Services	National College for Teaching and Leadership (NCTL) - Collaborative Fund Grant	Grant Certification	Not Yet Started	
Children and Young People's Services	Education	Youth Employment Initiative - Arrangements for the provision of Petty Cash to	Advice & Consultancy	In Progress	
Children and Young People's Services	Looked After Children and Care Leavers	Children's Homes - Staff Finance Training Support	Advice & Consultancy	Planning and Preparation	
Regeneration and Local Services	Planning & Assets	Carbon Reduction Commitment	Grant	Final Report	N/A
Regeneration and Local Services	Planning & Assets	LoCarbo 4	Grant	Final Report	N/A
Regeneration and Local Services	Planning & Assets	LoCarbo 5	Grant	Not yet started	
Regeneration and Local Services	Planning & Assets	Rebus 4	Grant	Final Report	N/A
Regeneration and Local Services	Planning & Assets	Rebus 5	Grant	Not yet started	
Regeneration and Local Services	Planning & Assets	Atlantic Geoparks 2	Grant	Not yet started	
Regeneration and Local Services	Planning & Assets	Safety at Sports Grounds	Assurance	Not yet started	
Regeneration and Local Services	Planning & Assets	Asset Valuation	Assurance	Not yet started	
Regeneration and Local Services	Economic Development & Housing	Accommodation - Contract Management	Assurance	Not yet started	
Regeneration and Local Services	Economic Development & Housing	Business Durham	Assurance	Planning and Preparation	
Regeneration and Local Services	Economic Development & Housing	Stephanie 3	Grant	Final Report	N/A
Regeneration and Local Services	Economic Development & Housing	Stephanie 4	Grant	Not yet started	
Regeneration and Local Services	Economic Development & Housing	Financial Assistance Policy and Private Sector Housing	Assurance	Planning and Preparation	
Regeneration and Local Services	Economic Development & Housing	Disabled Facilities Grant	Grant	Final Report	N/A
Regeneration and Local Services	EHCP	Premises Requiring Alcohol License	Assurance	Final Report	Substantial
Regeneration and Local Services	Transport and Contract Services	Local Transport Capital Block Funding	Grant	Final Report	N/A
Regeneration and Local Services	Transport and Contract Services	Bus Subsidy Ring Fenced Grant	Grant	Final Report	N/A

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2018

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Regeneration and Local Services	Transport and Contract Services	Road Safety Capital Grant	Grant	Not yet started	
Regeneration and Local Services	Transport and Contract Services	Transport - Safeguarding Arrangements	Assurance	Planning and Preparation	
Regeneration and Local Services	Direct Services	Durham Crematorium	Assurance (Joint Ctte)	Not yet started	
Regeneration and Local Services	Direct Services	Mounsett Crematorium	Assurance (Joint Ctte)	Not yet started	
Regeneration and Local Services	Direct Services	Facilities Management - Repairs and Maintenance	Advice & Consultancy	Not yet started	
Regeneration and Local Services	Direct Services	Asbestos Management	Assurance	In Progress	
Regeneration and Local Services	Direct Services	Allotments - Follow Up (Deferred from 2017/18))	Assurance	Not yet started	
Regeneration and Local Services	Direct Services	Single Use Plastics - Process Review	Advice & Consultancy	Not yet started	
Regeneration and Local Services	Culture and Sport	Leisure Management System - Online Booking	Assurance	Planning and Preparation	
Regeneration and Local Services	Culture and Sport	Rolling Programme of Leisure Centres - Louisa Centre	Assurance	Planning and Preparation	
Regeneration and Local Services	Culture and Sport	Rolling Programme of Leisure Centres - Consett	Assurance	Planning and Preparation	
Regeneration and Local Services	Culture and Sport	Leisure Centre Timesheets - Follow Up (Deferred from 2017/18)	Assurance	Planning and Preparation	
Regeneration and Local Services	Culture and Sport	Leisure Centre Timesheets	Assurance	Planning and Preparation	
Regeneration and Local Services	Culture and Sport	Management of Gym Memberships	Assurance	In Progress	
Regeneration and Local Services	Culture and Sport	Library System (Deferred from 2017/18)	Advice & Consultancy	Not yet started	
Regeneration and Local Services	Culture and Sport	Consett Empire Theatre	Assurance	Planning and Preparation	
Regeneration and Local Services	Culture and Sport	Competition Line UK Income Share Agreement	Assurance	In Progress	
Regeneration and Local Services	Culture and Sport	Stanley Bowls	Advice & Consultancy	Planning and Preparation	
Regeneration and Local Services	Culture and Sport	Events Management	Assurance	Not yet started	
Regeneration and Local Services	Culture and Sport	Car Parking (Riverside, Wharton Park and Hardwick Park)	Assurance	Planning and Preparation	
Regeneration and Local Services	Technical Services	Local Highways Maintenance Funding - Incentive Element	Grant	Planning and Preparation	
Regeneration and Local Services	Technical Services	Local Transport Capital Block Funding for NECA	Grant	Final Report	N/A
Regeneration and Local Services	Technical Services	Stores Management	Assurance	Not yet started	
Resources	Legal & Democratic Services	RIPA Group	Advice & Consultancy	In Progress	
Resources	Legal & Democratic Services	iKAN System Review	Assurance	In Progress	
Resources	Legal & Democratic Services	Coroner (Deferred from 2017/18)	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Bank Reconciliation	Key System	Planning and Preparation	
Resources	Corporate Finance and Commercial Services	Treasury Management - Short Term Investments	Key System	Planning and Preparation	
Resources	Corporate Finance and Commercial Services	Collection Fund	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Review of Commercial Services	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Procurement - Variations	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Contract Management	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Off Contract Spend	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Contract Procedure Rules	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Procurement Cards (Further Follow Up)	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Oracle Programme Board	Advice & Consultancy	In Progress	
Resources	Corporate Finance and Commercial Services	Workstream on Petty Cash and Payment Cards	Advice & Consultancy	In Progress	
Resources	People and Talent Management	Attendance Management	Assurance	Not yet started	
Resources	People and Talent Management	Apprentices	Assurance	Not yet started	
Resources	Finance and Transactional Services	Budgetary Control and Financial Reporting	Assurance	Not yet started	
Resources	Finance and Transactional Services	Section 256 Agreements	Grant	In Progress	
Resources	Finance and Transactional Services	Caspar (Deferred from 2017/18)	Advice & Consultancy	Not yet started	
Resources	Finance and Transactional Services	Financial Assessments (scope to include self funders and deferred payments)	Assurance	Not yet started	
Resources	Finance and Transactional Services	FST Debit Card Cash Accounts and Shared Lives (Follow Up)	Assurance	Planning and Preparation	
Resources	Finance and Transactional Services	Financial Deputies	Assurance	Not yet started	
Resources	Finance and Transactional Services	Supporting People with Oxford Computer Consultants (SPOCC) - Deferred from 2017/18	Assurance	Cancelled	
Resources	Finance and Transactional Services	Deputy and Appointee Team	Advice & Consultancy	In Progress	
Resources	Finance and Transactional Services	Revenues and Benefits Reconciliations	Assurance	Not yet started	
Resources	Finance and Transactional Services	Creditors	Key System	Not yet started	
Resources	Finance and Transactional Services	Creditors - Invoices paid with no PO as an exception	Key System	Not yet started	
Resources	Finance and Transactional Services	Creditors - Supplier Masterfile	Key System	Planning and Preparation	
Resources	Finance and Transactional Services	Creditors - System Access	Key System	Planning and Preparation	
Resources	Finance and Transactional Services	P2P Performance and Improvement Project	Advice & Consultancy	In Progress	
Resources	Finance and Transactional Services	Better Care Fund and Improved Better Care Fund (Sn 75)	Assurance	Planning and Preparation	

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2018

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Resources	Finance and Transactional Services	Payroll	Key System	Planning and Preparation	
Resources	Finance and Transactional Services	Payroll Implementation	Advice & Consultancy	In Progress	
Resources	Finance and Transactional Services	Payroll - Taxation/PAYE	Key System	Planning and Preparation	
Resources	Finance and Transactional Services	Payroll - Access to Data and Records	Key System	Planning and Preparation	
Resources	Finance and Transactional Services	Payroll - Preparation/Corrections	Key System	Planning and Preparation	
Resources	Finance and Transactional Services	Payroll - Processing	Key System	Planning and Preparation	
Resources	Finance and Transactional Services	Agency	Assurance	Not yet started	
Resources	Finance and Transactional Services	Business Rates	Key System	Not yet started	
Resources	Finance and Transactional Services	Business Rates - Liability	Key System	Cancelled	
Resources	Finance and Transactional Services	Business Rates - Recovery	Key System	Not yet started	
Resources	Finance and Transactional Services	Business Rates - Quality Assurance and Appeals	Key System	Not yet started	
Resources	Finance and Transactional Services	Housing Benefit and Council Tax Reduction (HB and CTR)	Key System	Not yet started	
Resources	Finance and Transactional Services	HB and CTR - Overpayment Recovery	Key System	Planning and Preparation	
Resources	Finance and Transactional Services	HB and CTR - New Claims and Change in Circumstance	Key System	In Progress	
Resources	Finance and Transactional Services	HB and CTR - Payments	Key System	Not yet started	
Resources	Finance and Transactional Services	HB and CTR - Quality Assurance and Appeals	Key System	Not yet started	
Resources	Finance and Transactional Services	Post Opening and Scanning	Assurance	Planning and Preparation	
Resources	Finance and Transactional Services	Welfare Rights (Deferred from 2017/18)	Assurance	Planning and Preparation	
Resources	Finance and Transactional Services	Council Tax	Key System	Not yet started	
Resources	Finance and Transactional Services	Council Tax - Valuation	Key System	Not yet started	
Resources	Finance and Transactional Services	Council Tax - Liability	Key System	In Progress	
Resources	Finance and Transactional Services	Council Tax - Recovery	Key System	Not yet started	
Resources	Finance and Transactional Services	Council Tax - Quality Assurance and Appeals	Key System	Not yet started	
Resources	Finance and Transactional Services	Cash Management	Key System	Planning and Preparation	
Resources	Finance and Transactional Services	Debtors	Key System	Not yet started	
Resources	Finance and Transactional Services	Debtors - Customer Masterfile (Deferred from 2017/18)	Key system	Planning and Preparation	
Resources	Finance and Transactional Services	Debtors - Standing Charges (Deferred from 2017/18)	Key system	Planning and Preparation	
Resources	Finance and Transactional Services	Debtors Working Group	Advice & Consultancy	Not yet started	
Resources	Digital and Customer Services	UNIX / LINUX Security	Assurance	Planning and Preparation	
Resources	Digital and Customer Services	Oracle Licencing	Assurance	Planning and Preparation	
Resources	Digital and Customer Services	Vulnerability Management	Assurance	Planning and Preparation	
Resources	Digital and Customer Services	Network Folders Identity and Access Management	Assurance	Planning and Preparation	
Resources	Digital and Customer Services	SharePoint Identity and Access Management	Assurance	In Progress	
Resources	Digital and Customer Services	Third Party Identity and Access management	Assurance	In Progress	
Resources	Digital and Customer Services	Digital Durham	Grant	Not yet started	
Resources	Internal Audit, Risk and Fraud	Insurance	Assurance	In Progress	
Resources	Finance and Transactional Services	Business Rates - Valuation	Assurance	Not yet started	
Resources	Finance and Transactional Services	Interest on Late payments	Advice & Consultancy	Planning and Preparation	
Resources	People and Talent Management	Gifts and Hospitality	Advice & Consultancy	Planning and Preparation	
Transformation and Partnerships	Communications and Information Management	Data Protection - GDPR (including Use of Privacy Notices)	Assurance	Not yet started	
Transformation and Partnerships	Communications and Information Management	GDPR Working Group	Advice & Consultancy	In Progress	
Transformation and Partnerships	Communications and Information Management	Information Governance Group	Advice & Consultancy	In Progress	
Transformation and Partnerships	Communications and Information Management	Business Continuity Planning	Key System	Not yet started	
Transformation and Partnerships	Strategy	Data Quality	Assurance	Not yet started	
Transformation and Partnerships	Partnerships and Community Engagement	Community Grants Sample	Assurance	Final Report	Substantial
Transformation and Partnerships	Transformation	Transformation	Advice & Consultancy	In Progress	

FINAL REPORTS ISSUED IN PERIOD ENDING 30 SEPTEMBER 2018

AUDIT AREA	BRIEF DESCRIPTION OF SCOPE OF THE AUDIT	FINAL OPINION
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CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)		
Review of Petty Cash arrangements across CYPS Locality Offices, One Point Hubs and Children's Centres	Assurance review to consider the following risks: <ul style="list-style-type: none"> - Unauthorised payments are made; - Unauthorised/inappropriate payments are made; - Imprest cash is not securely held; - Employees do not have the skills to carry out their budget monitoring responsibilities/do not utilise the system as expected; - The authority does not comply with the Data Protection Act. 	Limited
Ferryhill Hub	Assurance review to consider the following risks: <ul style="list-style-type: none"> • Income is not accounted for/is misappropriated • Unauthorised/inappropriate payments are made • Imprest cash is not securely held • Loss of assets • Failure to carry out DBS checks on relevant employees • Employees do not have the skills to carry out their budget monitoring responsibilities/do not utilise the system as expected • The authority does not comply with the Data Protection Act • Staff are unaware of their roles and responsibilities. 	Moderate

REGENERATION AND LOCAL SERVICES (ReaL)		
Choice Based Letting Scheme	Assurance review of the arrangements in place to mitigate against the risk of partners and registered providers not operating in compliance with the scheme.	Substantial
Premises Licensing	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Unlicensed activities operating in County Durham; - Applications not being evaluated, recorded or actioned consistently; - Breach of regulations/legislation by the Authority; - Non-identification and non-enforcement of breaches of licence conditions; - Fees not collected or inaccurately charged. 	Substantial
Carbon Reduction Commitment	Grant Certification	N/A
Stephanie 3 (Space technology with photonics for market and societal challenges)	Grant Certification	N/A
Bus Subsidy Ring Fenced Grant	Grant Certification	N/A

REGENERATION AND LOCAL SERVICES (ReaL): Contd.		
Local Transport Capital Block Funding	Grant Certification	N/A
Local Transport Capital Block Funding for NECA	Grant Certification	N/A

RESOURCES		
Housing and Council Tax Benefits – New claims and changes in circumstances	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Housing Benefit claims are not processed promptly or are incorrect; - Council Tax Benefit claims are not processed promptly or are incorrect. 	Substantial
Housing and Council Tax Benefits – Supported Accommodation	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Failure to adhere to legislation or procedures; - Incorrect classification of a property as supported accommodation; - Rent and service charges are either unreasonably high, not eligible or inconsistently applied. 	Substantial
Council Tax Liability: Disabled Band Relief and Class U - Mental Impairments	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Failure to adhere to legislation, best practice or procedures; - Discounts or Exemptions are incorrectly awarded. 	Substantial
Payroll	Overarching assurance review combining the outcomes from individual payroll reviews carried out through the year.	Substantial
Enforcement, including bailiffs arrangements	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Failure to adhere to legislation, best practice or procedures; - Enforcement action is either inappropriate, disproportionate, not initiated or not initiated promptly; - Inadequate records being retained; - Performance not being adequately managed. 	Substantial
Debtors – Refunds	Assurance review of the arrangements in place to mitigate against the risk of income being inappropriately returned to a customer who has an outstanding debt with the Council	Substantial
Business Rates - Refunds	Assurance review of the arrangements in place to mitigate against the risk of income being inappropriately returned to a customer who has an outstanding debt with the Council.	Substantial
Council Tax - Refunds	Assurance review of the arrangements in place to mitigate against the risk of income being inappropriately returned to a customer who has an outstanding debt with the Council.	Substantial
Use of Social Media in Covert investigations	Assurance review of the arrangements in place to mitigate against the risk of non-compliance with RIPA.	Moderate
Creditor Payments	Overarching assurance review combining the outcomes from individual creditor payments reviews carried out through the year.	Moderate

RESOURCES: Contd.		
Contract Management	<p>Assurance review of the arrangements in place to mitigate against the risks of:</p> <ul style="list-style-type: none"> - Contract management arrangements are not in place for the end of a contract and the transition to a new provider with a new contract; - The contractor does not fulfil the contract to the required standard or level of performance; - Risk management arrangements are not in place; - The Council pays for goods, services or works that are not provided or completed; - The contract manager is not sufficiently objective in their relationship with the supplier; - No arrangements to provide for continuing services needs after the termination or expiry of the contract are put in place; - The written contract does not cover all pertinent areas and issues; - The contract has been varied inappropriately and without regard to the Council's Contract Procedure Rules or the Public Contract Regulations 2015. 	Moderate
Business Continuity for ICT	<p>Assurance review of the arrangements in place to mitigate against the risks of:</p> <ul style="list-style-type: none"> - The authority is unable to provide critical services to the community in the event of a major disruption; - Key assets and services cannot be identified, protected or recovered; - Unable to recover business processes and procedures within required time; - Employees are unable to respond effectively to an incident or disruption; - The plan is ineffective. 	Moderate
Debtors – Supporting Documentation (Commercial Rents)	<p>Assurance review of the arrangements in place to mitigate against the risks of:</p> <ul style="list-style-type: none"> - Failure to collect or recover income in line with policies and procedures; - Invoices being raised incorrectly. 	Moderate
Debtors – Credit Notes and Write Offs	<p>Assurance review of the arrangements in place to mitigate against the risk of failure to collect or recover income in line with policies and procedures.</p>	Moderate
Off Contract Spend	<p>Assurance review of the arrangements in place to mitigate against the risk of not achieving value for money, transparency, fairness or compliance with legislation.</p>	Moderate
Flexible Working – Variations to Contracts	<p>Assurance review of the arrangements in place to mitigate against the risks of:</p> <ul style="list-style-type: none"> - Loss of key or skilled employees due to their inability to work standard full time hours; - Flexible working arrangements agreed are not in the interests of the Council, lead to difficulties or inefficiencies in delivering the service; - The management decision to refuse a request cannot be justified; - Employees are paid incorrectly. 	Moderate
Transparency Agenda – Interest on Late Payments	<p>Advice and consultancy review of systems in place to ensure that invoices are processed for payment within 30 days of receipt.</p>	N/A
Health & Safety Training Requirements	<p>Follow up review to ensure that the actions raised in the original audit have been implemented.</p>	N/A

RESOURCES: Contd.		
Mobile Computing	Follow up review to ensure that the actions raised in the previous audit report had been implemented.	N/A
Pension Fund – Additional Voluntary Contributions (AVCs)	Follow up review to ensure that the actions raised in the previous audit report had been implemented.	N/A

TRANSFORMATION AND PARTNERSHIPS (TaP)		
Community Grants Sample	Assurance review of the arrangements in place to mitigate against the risk of grants not achieving targets, objectives or expected outcomes.	Substantial

	Actions Due	Actions Implemented	Overdue Actions by original target date	Number of Actions where the original target has been revised	Overdue Actions following a revised target date
ADULT AND HEALTH SERVICES (AHS)					
2016/17					
High	7	7	0	0	0
Medium	42	42	0	0	0
Total	49	49	0	0	0
2017/18					
High	10	7	3	3	0
Medium	19	18	1	1	0
Total	29	25	4	4	0
2018/19					
High	0	0	0	0	0
Medium	10	9	1	1	0
Total	10	9	1	1	0
Overall Total	88	83	5	5	0
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)					
2016/17					
High	1	1	0	0	0
Medium	47	46	1	1	0
Total	48	47	1	1	0
2017/18					
High	2	2	0	0	0
Medium	88	83	5	5	0
Total	90	85	5	5	0
2018/19					
High	1	1	0	0	0
Medium	37	28	9	9	0
Total	38	29	9	9	0
Overall Total	176	161	15	15	0
REGENERATION AND LOCAL SERVICES (REAL)					
2015/16					
High	7	6	1	1	0
Medium	119	119	0	0	0
Total	126	125	1	1	0
2016/17					
High	11	11	0	0	0
Medium	193	191	2	2	0
Total	204	202	2	2	0
2017/18					
High	3	3	0	0	0
Medium	54	53	1	1	0
Total	57	56	1	1	0
2018/19					
High	0	0	0	0	0
Medium	24	20	4	4	0
Total	24	20	4	4	0
Overall Total	411	403	8	8	0
RESOURCES (RES)					
Total					
2014/15					
High	7	7	0	0	0
Medium	134	133	1	1	0
Total	141	140	1	1	0
2015/16					
High	3	3	0	0	0
Medium	121	121	0	0	0
Total	124	124	0	0	0
2016/17					
High	10	10	0	0	0
Medium	104	102	2	2	0
Total	114	112	2	2	0
2017/18					
High	10	10	0	0	0
Medium	126	120	6	6	0
Total	136	130	6	6	0
2018/19					
High	2	1	1	1	0
Medium	20	16	4	4	0
Total	22	17	5	5	0
Overall Total	537	523	14	14	0
TRANSFORMATION AND PARTNERSHIPS (TAP)					
2016/17					
High	0	0	0	0	0
Medium	26	26	0	0	0
Total	26	26	0	0	0
2017/18					
High	0	0	0	0	0
Medium	8	6	2	2	0
Total	8	6	2	2	0
2018/19					
High	0	0	0	0	0
Medium	4	4	0	0	0
Total	4	4	0	0	0
Overall Total	38	36	2	2	0
TOTAL COUNCIL					
2014/15					
High	7	7	0	0	0
Medium	134	133	1	1	0
Total	141	140	1	1	0
2015/16					
High	10	9	1	1	0
Medium	240	240	0	0	0
Total	250	249	1	1	0
2016/17					
High	29	29	0	0	0
Medium	412	407	5	5	0
Total	441	436	5	5	0
2017/18					
High	25	22	3	3	0
Medium	295	280	15	15	0
Total	320	302	18	18	0
2018/19					
High	3	2	1	1	0
Medium	95	77	18	18	0
Total	98	79	19	19	0
OVERALL TOTAL	1250	1206	44	44	0

Performance Indicators as at 30 September 2018

Efficiency			
Objective: To provide maximum assurance to inform the annual audit opinion			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage	90% (Annually)	48% at 30 September 2018
Timeliness of Draft Reports	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview	90% (Quarterly)	86% (79 out of 92)
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response	95% (Quarterly)	99% (108 out of 109)
Quarterly Progress Reports	Quarterly progress reports issued to Corporate Directors within one month of end of period	100% (Quarterly)	100%
Quality			
Objective: To ensure that the service is effective and adding value			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of recommendations made compared with recommendations accepted	95% (Annually)	100%
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service satisfactory or above (3 out of 5) where 1 is poor and 5 is very good	100% (Quarterly)	100% - Av score 4.6
Customers providing feedback Response	% of customers returning satisfaction returns	70% (Quarterly)	80%
Cost			
Objective: To ensure that the service is cost effective			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Cost per chargeable audit day	CIPFA Benchmarking Club – Comparator Group (Unitary)	Lower than average (Annually)	Yes (2015/16 exercise) £226 cost per chargeable audit day

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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