



Audit Committee

Date Thursday 28 November 2019

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 2019 (Pages 5 - 10)
3. Declarations of interest, if any.
4. Transformation Overview - Presentation from the Head of Transformation (Pages 11 - 34)
5. Quarter 2 2019/20 Health, Safety and Wellbeing Performance Report - Report of the Occupational Health and Safety Manager (Pages 35 - 48)
6. External Audit Progress Report - November 2018 - Report of the External Auditor (Pages 49 - 60)
7. Local Code of Corporate Governance - Report of the Corporate Director of Resources (Pages 61 - 98)
8. Strategic Risk Management Progress Report for 2019/20 - Review 2: 1 June - 30 September 2019 - Report of the Corporate Director of Resources (Pages 99 - 114)
9. Protecting the Public Purse - Update Activity Report as at 30 September 2019 - Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 115 - 132)

10. Internal Audit Progress Report Period Ending 30 September 2019
- Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 133 - 152)
11. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration
12. 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)

13. Protecting the Public Purse - Update Activity Report as at 30 September 2019 - Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 153 - 158)
14. Internal Audit Progress Report Period Ending 30 September 2019
- Report of Chief Internal Auditor and Corporate Fraud Manger (Pages 159 - 174)
15. 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
20 November 2019

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

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

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

Co-opted Members:

Mr C Robinson and Mr I Rudd

DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **County Hall, Durham** on **Monday 30 September 2019 at 10.00 am**

Present:

Councillor E Bell (Chair)

Members of the Committee:

Councillors J Rowlandson (Vice-Chair), C Carr, J Clark, J Nicholson and O Temple

Co-opted Members:

Mr C Robinson

1 Apologies for absence

An apology for absence was received from Councillors Kellett, J Robinson, Shuttleworth and Mr Rudd

2 Minutes

The minutes of the meeting held on 31 July 2019 were agreed as a correct record and signed by the Chair.

3 Declarations of interest

Declarations of interest were provided by Members. 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 2018/19 Annual Health, Safety and Wellbeing Performance Report

The Committee received an annual report from the Occupational Health and Safety Manager that provided an update on performance for 2018/19 on health, safety and wellbeing (for copy see file of Minutes).

Members were advised that approaching 200 mental health first aiders had been employed and would cover a range of sites to provide support in relation to mental health and to raise awareness. The number of reported incidents remained static with 94% of all reported incidents indicating minor injury and just under 4% being RIDDOR reportable. There had been two

Health and Safety Executive (HSE) interventions which were resolved promptly and there continued to be an increase in water related fatalities however they were not attributed to previous fatal incidents. This continued to be a targeted high risk area.

Councillor Temple asked for details on the HSE interventions and the Occupational Health and Safety Manager explained that one was following a planned visit to a construction site and picked up on housekeeping issues, such as materials being left on the floor. This led to low level intervention. The second was an isolated incident relating to the cutting of kerb stone without dust compression on the machine, and had been dealt with effectively.

Following a question from Councillor Carr regarding defibrillators, the Occupational Health and Safety Manager advised that a review of provision was carried out three years ago and they were placed at the highest footfalls. He added that there were an additional 11 defibrillators located across the different Council sites as a result of the review.

Councillor Clark was pleased to hear that the counselling service was also available for family members, and further to a question about the service was informed that the majority of interaction was over the telephone.

Referring to page 3 of the report, Mr Robinson asked if this flowchart was shared with employees as provided an excellent overview of the work being undertaken. He suggested that this could be a useful tool to generate conversations and trigger connections. The Occupational Health and Safety Manager responded that this would be cascaded via service representatives and service H&S forums.

The Chair asked if the accident and incident rates were down as the number of staff had reduced. He was advised that the figures did take account of this.

Resolved:

That the report be noted.

5 Quarter 1 2019/20 Health, Safety and Wellbeing Performance Report

The Committee received a report from the Resources Health, Safety and Wellbeing Strategic Group that provided an update on health, safety and wellbeing performance for quarter one of 2019/20 (for copy see file of Minutes).

The Occupational Health and Safety Manager highlighted the key areas of the report including:

- Open Water Safety
- Employee Health and Wellbeing
- RIDDOR reportable incidents
- Potentially Violent Persons Register (PVPR)
- Fire Safety Audits
- Fire Incidents
- Health and Safety Team Audit & Inspections

Resolved:

That the report be noted.

6 Children and Young People's Services

The Chair introduced the new Corporate Director of Children and Young People's Services to the Committee, who was present to give an update on the challenges faced by the service.

The Corporate Director of Children and Young People's Services advised that there continued to be significant pressures on the Children's Care budget due to the increased number of young people in the care system. There were increased costs associated with external foster care placements as the numbers of looked after children also increased. He went on to describe the pressures in Special Educational Needs and Disability budgets as the complex health needs and challenges in mainstream schooling increased.

Home to School transport was another area facing budgetary pressures as the County covered large geographical areas, and the Corporate Director advised that a lot of work had been carried out over the last 12 months to manage the budgets around demand.

The Chair thanked the Corporate Director for attending the meeting.

7 Annual Audit Letter 2018/2019

The Committee received the Annual Audit Letter 2018/19 from Mazars summarising the audit of Durham County Council and Durham County Council Pension Fund (for copy see file of Minutes).

Mr Kirkham, Mazars advised that the findings were as discussed at the July 2019 meeting. Mazars would continue to work with the Council throughout 2019/20 focusing on the risks that the challenges present to the financial statements.

In response to a question from Councillor Temple regarding unquoted equity investments, Mr Kirkham explained that they varied their approach to be able to gain the assurance required. He added that the significant risk was due to a timing difference, as more up to date information was available when carrying out the audit and the balance sheet was updated to take account of that. Mr Kirkham went on to advise that unquoted investments were categorised as a significant risk and we needed to trade off expected increases in return.

Resolved:

That the comments and fees illustrated within the External Auditor's Annual Audit letter and report be noted.

8 Internal Audit Progress Report Quarter Ended 30 June 2019

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 as part of the 2017/2018 Internal Audit Plan (for copy see file of Minutes).

The Chief Internal Auditor and Corporate Fraud Manager highlighted the movements in the plan, removed audits and unplanned reviews added to the plan. The Committee were advised that 23.8% of the total plan had been delivered, exceeding the target of 22.5%. There had been 3 audits finalised in the quarter that had been issued a limited assurance opinion. With reference to the survey response rate an average score of 4.6 out of 5 was given from service groupings. The summary of progress on the actions due were highlighted and members were informed that 96% of actions had been implemented.

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 2019 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.

9 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.

10 Internal Audit Progress Report Quarter 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 three audits finalised in the quarter that had been issued with a limited assurance opinion. In addition, during the period four follow up audits had been completed.

The Committee received assurances on outstanding actions from the Strategic Manager for Culture and Sport.

Resolved:

That the report be noted.

This page is intentionally left blank



Transformation Overview

Audit Committee

November 2019

Andy Palmer
Head of Transformation



Transformation Outcomes



To redesign our services from the outside in, meeting customer needs at a reduced cost to the Council



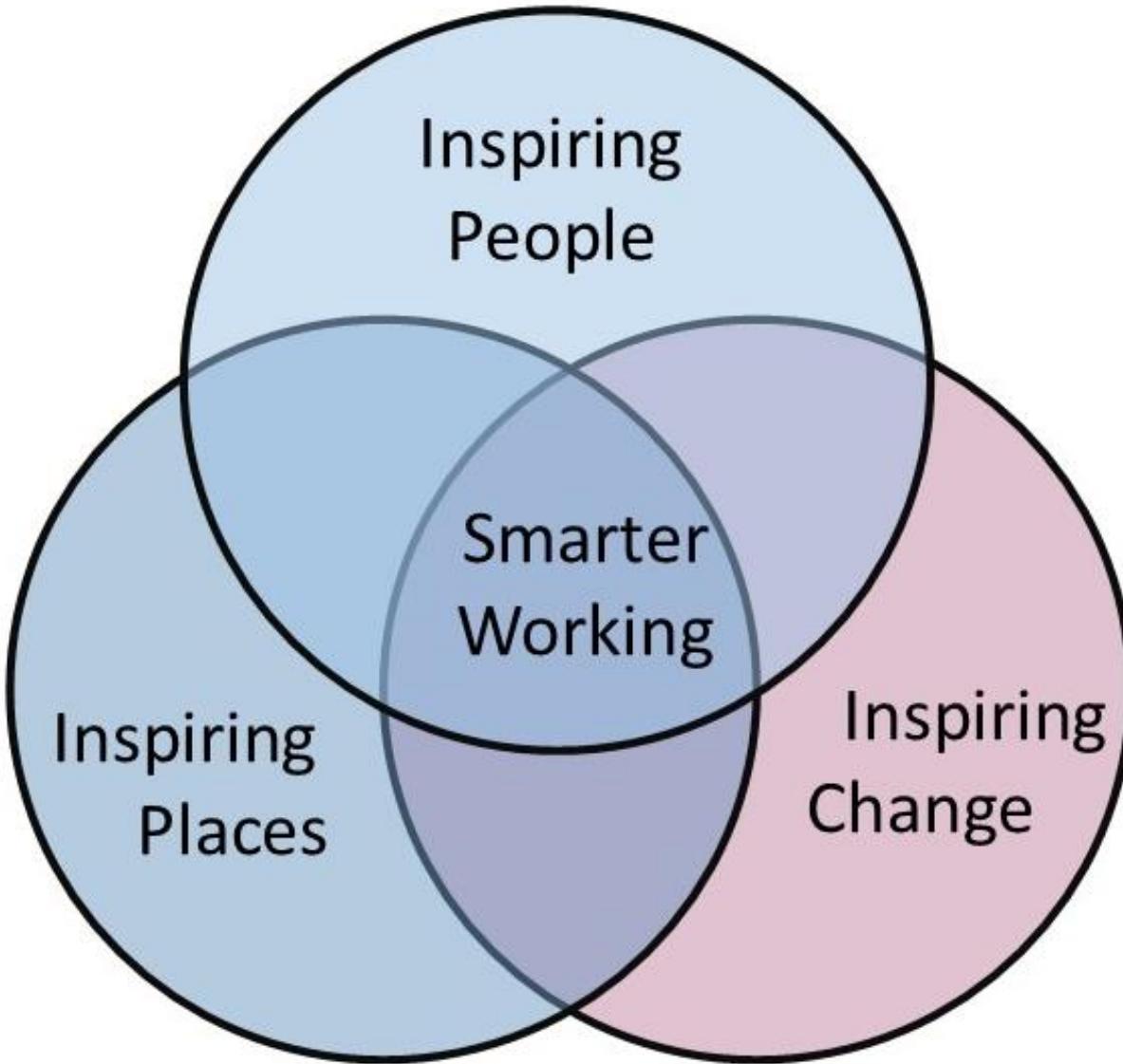
To help our communities to be resilient and self-reliant



To move our partnerships from good to great



To become renowned for our skilled and flexible workforce and our employee engagement.



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 2019

- Planning permission granted for new HQ in Durham City
- Works on site for HQ, piling starts December 2019.
- Significant progress in modernising Council buildings. Crook office open for business, Green Lane Phases 1& 2 open.
- Smarter working sessions held across the Council to prepare staff for new working environments and efficient ways of working
- SSID replaced in Children's Services with Liquid Logic informed by end to end process reviews
- Replacement of SSID in Adult Services with Azeus underway
- Greater focus on digital customer led services, and examples of new commercial services and sustainable income generation
- Unitised Business Services from April 2019
- Cultural change values and new behaviours identified by Transformation Board, EMT, Strategic Managers & staff survey
- Roll out of new systems, Office 365, Resourcelink, Business Intelligence

INSPIRING PEOPLE

Business Services

Completed during 2019

- Circa 800 posts unitised under Head of Transformation
- Strategic manager recruited
- Information and drop in sessions held across the County.
- Restructure consultation commenced with Tier 5 managers.
- Progression of ER/VR Business Cases, where appropriate.
- Business Services reviews to facilitate ERVRs and vacancies (11 key reviews, with a further 10 sub reviews within Meadowfield Business Services).
- Process improvements including digital mail, Executive Support processes, ordering, travel and stationery

Smarter working staff sessions

- Sessions to develop smarter working / team agreements, held with: Public Health, Legal and Democratic Services, Strategy, People and Talent Management, AHS Finance, Partnerships and Community Engagement, Adult Care, OP/PDSI & CDC, Blue Badge OT & Admin, District Nurses, Shared Lives, Housing Solutions EMT, Revenues and Benefits, Planning EMT, Transformation, Funding and Programmes, Comms and Marketing, Support and Recovery, North Locality Learning Disabilities Team, Care Connect.
- Upcoming sessions to be held with: Finance and Transactional Services, Strategy, Social Care, Corporate Property and Land, Sedgefield Locality Team, Learning Disabilities Integrated South – Specialist Health Team – Health Facilitation Team, Principal OT's, Real EMT.
- Transformation team are planning the rollout of smarter working for teams, and have involved colleagues in ICT and O365 to ensure a joined up approach.

HR progress

Planning for the future

Workforce Planning Trials

- Work has commenced in Culture and Sport, and Environment Health and Consumer Protection to undertake workforce planning using the new framework.
- To be extended out to other service areas.
- Will address future planning required and interventions to address key risks.

Developing our Leaders

- Managers specific PDR (Inc. corporate responsibilities).
- Leadership programme underway
- Survey of all managers undertaken (value of PDR, key skills, future development requests).

HR progress

Developing our Workforce

- Workforce Development plan with key milestones for the whole system development.
- Core employee programmes underway.
- PDR roll out now with core workforce.
- Utilising apprenticeship levy to upskill workforce where possible.
- Service development plans
- Review of induction and evaluation underway
- LMS under development / build for whole cycle.

Being a Good Employer

- Health and Wellbeing action plan underway.
- Valuing our employees strategy and action plan agreed.
- Long service proposals in development.
- Reasonable adjustments disability passport approved
- Domestic Abuse Charter in development.

INSPIRING PLACES

HQ

Update

- Space for 1000 staff, 700 workstations
- Enabling Works - completed.
- Main Works - commenced 9 September 2019; complete 3 September 2021.
- Hoardings installed, earthworks underway, piling to commence end of October 2019, site compound installed.
- Common Land - consultation response issue 28 October 2019.
- Communications team addressing matters.

HQ Site Progress

25 October 2019:



Social Value

- Kier Property have a contractual obligation to address Social Value.
- Targets have been set for various areas to increase local spend, training opportunities, meeting with education providers, appointing local companies, for example:
 - Recruit 6 employees who were not in employment, education or training (NEET).
 - 200 hours of local school and college visits.
 - 200 weeks of training opportunities (BTEC, City & Guilds, NVQ, HNC).
 - 500 weeks of apprenticeships.
 - 100 hours dedicated to supporting young people into work.
 - 10 weeks of unpaid work placements or pre-employment course and one 6 week or more paid internship.
- Initial Meet The Buyer event held April, follow up to arrange December 2019/January 2020.
- Regular Meetings between Kier and DCC to monitor Social Value Targets.
- Kier Supported DCC Commercial Services Showcase Event (October).
- Currently in talks with 13 local schools.
- One NEET (Not in Employment, Education or Training) appointed (Gate Keeper) so far.

Strategic Sites

Spennymoor Strategic Site

- Phase 3 has commenced – construction to be completed by 1 May 2020.
- A solution has been implemented to address the window glare issue.

Next steps

- Tender returns and orders to be placed for future phases.
- Phase 5 Architectural drawings to complete.
- Phase 4 mechanical scheme to be completed. Asbestos must be removed from ceiling void to allow survey to be undertaken. Phase 5 to follow.
- Phase 5 electrical design to complete.
- Team agreements to be completed with teams who moved in Phase 1 and to be started with teams moving in phase 2.

Seaham Strategic Site

- Programme to be finalised upon completion of feasibility; currently looking at completion in May 2020.

Meadowfield Strategic Site

- Alternative options are being considered for Meadowfield.



12 elements of workplace design

1 Da Daylight	2 Co Connectivity
3 Sp Space	4 Ch Choice
5 In Influence	6 Cn Control
7 Re Refresh	8 Se Sense
9 Cf Comfort	10 Ic Inclusion
11 Wa Wash	12 St Storage

A productive workplace enables people and teams to perform at their best by being:

Healthy – supporting and improving individual wellbeing at work

- A safe and secure environment
- Active design features that encourage movement
- Ergonomic furniture supporting a range of work styles
- Comfortable light levels with access to natural light
- Connection with nature through natural materials, views, green spaces and artwork
- Optimum indoor air quality and temperature range
- A clean and tidy environment
- Access to good nutrition and hydration

Efficient – making good use of space, time and information

- Efficient access, entry, exit and navigation
- Minimal time spent looking for spaces, people, information or services
- Optimum use of available space through ongoing review of performance and utilisation
- High levels of service with responsive and effective day-to-day and strategic management

Effective – enabling people to do their work well

- A variety of spaces match the work styles of the building's users
- Sufficient quality space for concentration and contemplation
- Spaces for planned and incidental communication and collaboration
- Shared amenity areas and events support ad hoc working, recharging and collaborating
- Technology and other resources enable flexible access to, and sharing of, information
- Appropriate choice in the selection of the right place and conditions in which to work
- Acoustic and visual control enables effective use of each workspace

Engaging – a desirable destination that looks and feels like a great place to work

- A high-quality people-centric experience through design, space, technology and services
- Supports a sense of belonging and community
- Reflects the corporate brand, culture and values
- Supports life at work with amenities, services and conveniences

INSPIRING CHANGE

Business Process Reviews

Lean Six Sigma: DMAIC



DEFINE

Define the problem.



MEASURE

Map out the current process.



ANALYZE

Identify the cause of the problem.



IMPROVE

Implement and verify the solution.



CONTROL

Maintain the solution.

Process reviews

- Service reviews are being undertaken on business cases to (a) facilitate the savings and ER/VR requests required in Business Support (b) to progress the list of recommendations from PWC.
- Reviews include:
 - SEND, Looked after and Vulnerable Groups Case Work (3 in progress, 6 to commence next year).
 - Supervised contact.
 - Early Help.
 - Aycliffe Secure Centre.
 - Synergy.
 - Business Services reviews to facilitate transfer to First Contact.
 - Business Services reviews to facilitate ERVRs and vacancies (11 key reviews, with a further 10 sub reviews within Meadowfield Business Services).
 - Business Services reviews to facilitate modernisation e.g. digital mail room.
 - SEND and Inclusion Transformation Project.
 - Aycliffe Transitions Unit.
 - Timesheets for non standard working hours.
 - Assessments.
 - Durham Safeguarding Children's Partnership.
 - Adult Safeguarding – triage.
 - Durham LADO Review.
 - Residential Care Homes – bringing onto Liquid Logic.

SEND and Inclusion

Public Consultation on SEND and Inclusion

- 3 month public consultation launched 17 July and closed 17 October 2019.
- Findings of consultation and recommended actions to be presented to Cabinet on 11 December 2019.

Funding pressures on High Needs Block (HNB)

- Updated report taken to Schools Forum on 24 October 2019 on forecasts for HNB spend and deficit, updated information about HNB funding allocation and feedback from consultation with schools.
- On 11 October 2019 the Government announced provisional HNB funding figures for 2020/21.
- Further work on efficiencies is due to be reported to Cabinet on 11 December 2019.

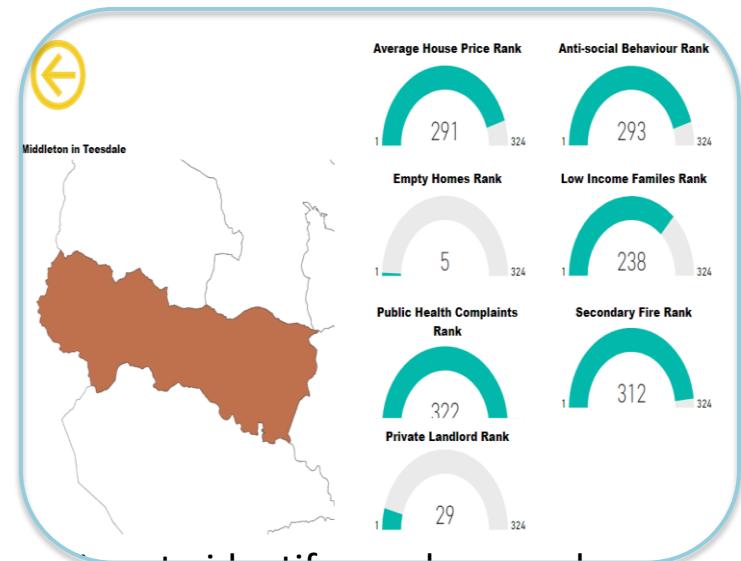
Inspiring Change – Business Intelligence Programme

Current Position

- Establishing programme to support BI job functions.
- By retrieving, organising, analysing and interpreting data to reach meaningful conclusions, in addition to taking responsibility for its accuracy and security, and creating both self-service and bespoke analytical reports and visualisations to provide clarity and aid decision-making.
- Identifying local providers which are part of the government procurement framework.
- Developing skills assessment framework and holding discussions to identify employees who could benefit from the programme.

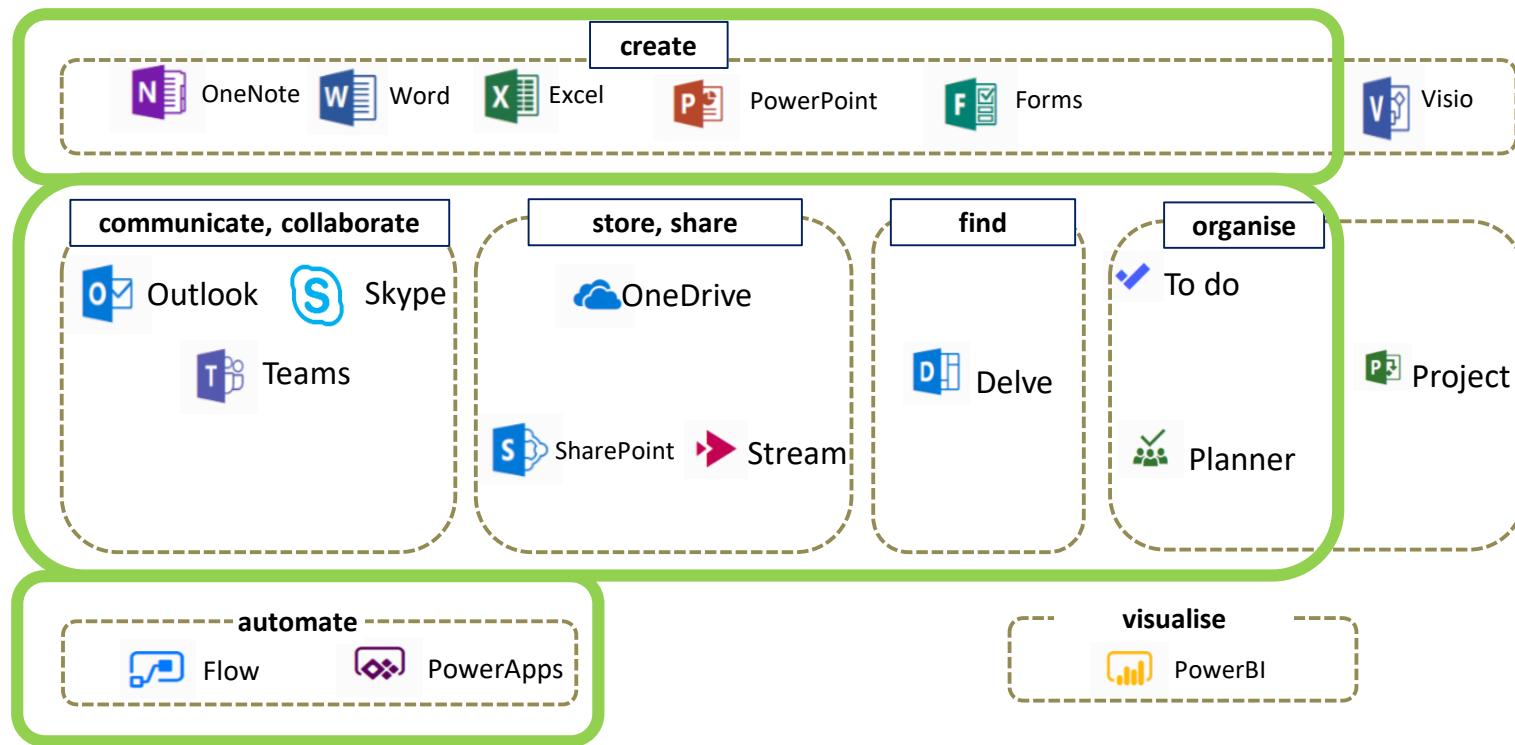
Next steps

- Complete pilots.
- Finalise proposed skills framework.
- Develop BI technical platform through ICT.



Office 365

:



Digital Customer



140,000 customer accounts



52% of service requests are carried out online (approx. 185,000 per year)
31% telephone,
12% face to face and email 2.3%



47,000 customers providing us feedback on our online services a year



81% of customers give our online services 4 or 5 stars
(61% 5 stars, 20% 4 stars)



Over 700 customer satisfaction surveys each month



75% satisfied with overall service delivery (52% very satisfied, 23% satisfied)



68% satisfied with overall time taken
(48% very satisfied, 20% satisfied)



Over £1m of efficiencies identified

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.
- Smarter Working through revised working practice, HQ and premises modernisation.
- More efficient and effective Council

Audit Committee

28 November 2019

**Quarter 2 2019/20 Health, Safety
and Wellbeing Performance
Report**



**Report of Resources Health, Safety and Wellbeing Strategic Group
(HSWSG)**

Report of Kevin Lough, Occupational Health and Safety Manager, Resources.

Electoral division(s) affected:

1. Countywide.

Purpose of the Report

2. To provide an update to audit committee on the council's Health, Safety and Wellbeing (HSW) performance for Quarter two of 2019/20.

Executive summary

3. Further proactive activities and interventions were undertaken during the quarter in relation to employee health and wellbeing as part of the better health at work gold award criteria which is due to be assessed at the beginning of quarter three.
4. Statistical data for quarter two indicates positive progress so far in 2019/20 in relation to RIDDOR reportable accidents. A total of eight RIDDOR reportable accidents (Six over seven day related absence and two specified injuries) in quarter two maintains a positive trend to date.
5. Internal fire safety auditing has again demonstrated good levels of compliance across a range of premise and service provision types.
6. Action has been taken following two fire incidents whereby fires have occurred in the hopper of refuse vehicles. As well as reviews of internal procedures, public information will be issued regarding appropriately disposal of hazardous and flammable waste.
7. The H&S team are actively advising and supporting council services who are involved in anti-social behaviour related activities within Durham city. Risk assessments in relation to activities being reviewed to ensure control measures remain suitable and sufficient in order to ensure the health, safety and wellbeing of employees and members of the public.

Recommendation(s)

- That audit committee note and agree the contents of this report.

Health, Safety & Wellbeing Quarter two 2019/20 in Numbers

335

Accidents, incidents
and near misses
reported
(361 in Q1 2019/20)



94%

Of all reported accidents are
either no injury or near miss



Main Accident/Incident Causes



Only 2 RIDDOR
'specified' injuries,
and 6 over 7 days
absence RIDDOR
injuries

268 H&S
audits,
inspections and
accident
investigations



- Better Health at Work Gold Award pre assessment complete and successful



21 psychological work related
incidents (compared to 39 in Q1
2019/20)

4 fire
related
incidents



30 fire safety
audits of council
premises



3 Joint
H&S/TU Safety
Rep inspections

0 Enforcement notices
from HSE/CDDFRS following
inspections and audit activity



149 physiotherapy sessions attended

100% Attendance rate for health surveillance

126 contacts made with EAP

Background

9. The HSWSG has been established to ensure that suitable priority is given to the management of HS&W within the council. The group monitors the development, implementation and review of the Corporate H&S Policy to ensure that it is consistently applied throughout the council and that performance standards are achieved. Key reporting topics are detailed below.

Consultation/Communication

10. During Quarter two there were three joint inspections undertaken with trade unions employee safety representatives within REAL. Inspections were undertaken within Technical Services, Environmental Services and Corporate Property and Land. Remedial actions were identified, implemented and monitored and discussed at the direct and technical services health and safety forums.
11. Further joint inspections will be undertaken within CYPS/AHS following a request from TU H&S reps during quarter one that these be reinstated. Several inspection dates have been agreed and joint visits are now being carried out.

Fire Safety - Fire Audits (Internal)

12. There have been 30 internal fire safety audits completed during Quarter two. These were undertaken at a range of Council premises. These were at a range of council premises such as a primary school, comprehensive school, residential children's homes, family centre, one point hubs, business centres, waste transfer stations, depots, leisure centres and the gala theatre.

Fire Incidents

13. There were four fire related incidents at Council premises or staffed premises during Quarter two. These were at Rydal Crescent Peterlee, Aycliffe Secure Centre, Southfield Lodge extra care scheme and Heighington Lane Waste Transfer Station.

Rydal Crescent, Peterlee

14. It was reported at 13:30hrs on the 4 July 2019 the driver of a refuse vehicle realised that a fire had occurred inside the hopper. The driver used the portable fire extinguisher from the vehicle and a resident assisted with a garden hose to help extinguish the fire but they were unable to do so. The driver decided to tip the hot load and found a safe area open area where it was deposited. The fire Service attended and extinguished the fire.

Supervision attended and fenced off the area until the waste was removed. The waste was removed within and taken to Thornley waste transfer station where it was deposited into the hot load bay. The waste was examined to identify the cause of the fire and it is believed it may have been a discarded small butane gas canister from a camping stove that may have ignited when it was compacted within the hopper

Aycliffe Secure Centre

15. It was reported that at 12:35hrs on 16 August 2019 the chef in the main kitchen at the centre noticed that there was food burning inside the microwave oven. The chef opened the door to remove the food and due to extra oxygen flowing into the oven it caused the ceiling cover within the microwave to catch alight. The ceiling cover then melted causing further flames. The chef closed the door which starved the fire of oxygen and subsequently the fire was extinguished.

Southfield Lodge, Crook

16. It was reported that at 05:00hrs on 20 August 2019 the fire alarm activated in flat 35 which is occupied by an 86 year old lady. The fire service was called and the tenant of the flat was asked to leave the flat via the warden call system, which she did. The fire service arrived and entered the flat and found it to be full of smoke. The source of the smoke was due food being cooked within a microwave. The fire service cleared the flat of smoke by opening the windows and putting on the extractor fan. Once the smoke had cleared the tenant of the flat was allowed back in.

Heighington Waste Transfer Station

17. At 07:52hrs on 23 August 2019 the crew of a refuse vehicle were collecting trade waste from Appletree Joinery in Howden Road Newton Aycliffe. A trade waste bin was tipped into the rear of the vehicle, the rear ram began its process of compacting the waste and a second trade bin was lifted and emptied, when the bin was lowered flames were observed within the hopper. The driver reversed the vehicle away from an adjacent HGV and attempted to deposit the hot load, however due to the fire affecting the rear hydraulics this was not possible so the driver elected to drive to Heighington lane waste transfer station approximately one mile away. Upon arrival at the waste transfer station the fire service were called and the vehicle made its way to the hot load bay, where attempts were made to tip the load which were unsuccessful due to the damage that had been caused to the hydraulics. Because of the damage to the hydraulics the fire service had to use a grinder to cut into the side of the vehicle to allow entry to the hopper and extinguish the fire. Due to the position of the hot load bay the refuse vehicle and attending fire appliance blocked the road way to the lower hall where the Hargreaves lorries are loaded causing operational

difficulties. The road was not available until the fire was fully extinguished and the vehicle was able to be moved away.

18. A number of recommendations have been made following this incident and these were to review the guidance contained in the refuse and recycling safe working procedure on fire related incidents in refuse vehicles. Once the review is complete this should be communicated to all refuse operatives. It was also recommended that the fleet fitter team be contacted to identify if it is possible to free the hopper plate in an emergency situation when the hydraulic system has failed. The hot load bay at the waste transfer station has also been moved to a position where it does not affect normal operations of the waste transfer station.

Occupational Health Service

19. During Quarter two, 280 employees participated in clinical consultations with the OHS, following management referral in relation to Long Term Sickness Absence (LTSA), Short Term Sickness Absence (STSA), Management Concerns (Man Con) Reviews, and Re referral appointments, Long Term Sickness Absence/Short Term Sickness Absence (LTSA/STSA)
20. Routine physiotherapy clinics run one day per week in the OHS at County Hall under contract with the OHS. At the time of preparing this report the waiting time for an initial assessment is six working days. The OHS will continue to monitor this waiting time and report to this group.
21. During Quarter two, a total of 40 employees attended OHS appointments for routine statutory health surveillance, 26 with an Occupational Health Nurse and 14 with the Senior Occupational Health Physician.
22. It was positive to note that there was a 100% attendance rate for statutory health surveillance during quarter two.

Enforcement Body Interventions & Significant Incidents

23. Following the HSE Mine Inspector visit to Killhope, all requested information (RADON results and electrical certification) has been forwarded. The inspector has confirmed receipt with no further comments made.
24. During the quarter, arrangements were made by HSE inspectors to visit a Durham LA School to review asbestos management arrangements. In response to this a meeting was arranged to visit Pittington Primary. The H&S Team Leader, Senior Asbestos Officer and Head Teacher were due to meet the HSE Inspector and review asbestos management arrangements. A further update on the outcome of the inspection will be provided in quarter three report.

Durham City Anti-Social behaviour (ASB) Risk Assessment

25. Reviews of risk assessments in relation to the neighbourhood wardens, housing solutions teams and clean and green have commenced in relation to ASB within Durham city centre.
26. Consultative work has been undertaken to revise risk assessments to ensure that they are suitable and sufficient in controlling risks to safety and health. Further work is also being undertaken via a multiagency group to identify wider control measures within the city in relation to infrastructure, public awareness, cashless contributions to homeless charities and application of additional enforcement powers.
27. Arrangements for additional neighbourhood warden resource within the city centre were put in place during the quarter, with appointments and deployment expected to take place in October 2019. There have also been additional resource arrangements in terms of policing, with an additional city centre police officer being put in place during quarter three.

Health and Safety Team Audit, Inspection and Training statistics

28. During Quarter two, the H&S team have undertaken a wide range of proactive and reactive activities across the Council as detailed in the table below.

Service Area	Accident Investigations	Proactive/planned Audits	Reactive Audits/Advice
TOTAL	31	139	98

Health and Safety Training & Awareness

29. Various H&S training and awareness activities, some of which provided direct by the H&S team, have taken place across service groupings in Quarter two. These have included:
 - Risk assessment training for colleagues at the Gala Theatre and construction managers within Building Facilities Management.
 - Passport to work sessions – Technical Services – discussed Chapter 8, Sign, Lighting and Guarding, Corporate Property and Land – discussed Traffic Management.
 - ‘Go Home Healthy’ – a Health and Safety Executive Campaign that covers lung disease, musculoskeletal disorders (MSD’s) and work-related stress is being rolled out to Fleet and Clean and Green Operatives. These sessions included Public Health (Better Health at Work Award) and Pioneering Care Partnership sessions on skin

cancer, smoking/respiratory cancers, breast/cervical/testicular/bowel cancers, blood in pee and bladder cancer, and includes how to check for lumps and changes to the body.

- Training of extra care staff within AHS in relation to the correct reporting of accident and incidents.

Open Water Safety

30. The City Safety Group (CSG) and county wide Open Water Safety Group convened during quarter two.
31. The CSG continued to focus on city centre specific related issues and undertook further preparatory work in relation to student fresher's week. This work involved a sub group being formed which involved key members of the CSG and Walkergate complex management, licensees and private security personnel. Intelligence regarding the itinerary of university colleges was obtained by student's union officers, university liaison officer and police university liaison PCSO.
32. As a result of the intelligence received several amendments to previous safety and security arrangements were made in order to ensure that higher levels of footfall and potential for queuing students were adequately controlled. The CSG chair also circulated a letter of advice to all licensed premises outside of the Walkergate complex in the vicinity of the river corridor. This letter, which reminded licensees are being continually vigilant in relation to students who may not be familiar with their surroundings and detached from their social group, was also accompanied by a copy of the CSG night lights poster to assist with directing students to an appropriate route home.
33. From a County wide perspective, an evaluation of the safe durham partnership cold water shock campaign which was delivered throughout June and July 2019 was undertaken. Planning for 2020 campaign activities also commenced with a view to expanding the social media and advertising methods previously deployed.
34. Further analysis of county wide incidents was also undertaken during quarter two, with information being obtained from HM coroner regarding a fatality which occurred in March 2019. Combined with city centre incidents an emerging trend of suicide and self-harm related incidents have emerged which are reflective of the national statistics. Further work and information sharing with public health suicide prevention and mental health practitioner colleagues will take place following incident reporting in order to identify further public health interventions.

Employee Mental Health and Wellbeing

35. The council continued to progress towards the better health at work gold award status, with a final assessment of the evidence portfolio on 17 October 2019.
36. Corporate management team and cabinet members have been briefed on the outcomes of the employee health and wellbeing survey which was undertaken in quarter one. A range of employee communications will be arranged to feedback the outcomes of the survey and update on areas of work undertaken in relation to areas highlighted.
37. Five main campaigns are being targeted, as a requirement of the gold award and identified from the survey as areas employees would most like to see addressed to improve their wellbeing. The focus of the five campaigns will centre on personal resilience, mental health, physical activity, women's health and men's health.
38. Other initiatives and interventions pre and post gold award assessment will also be focused on the following:
 - Promotion of existing BHAW physical activity related interventions, with emphasis on recruiting new walk and run leaders to support and develop the existing programme;
 - To explore the five ways to wellbeing approach which provides holistic guidance to wellbeing. To explore possibility of Wellbeing for Life attending meetings to give healthy lifestyle advice and encourage health checks;
 - To continue to promote healthy eating and Eat Wise Drop a Size classes which are delivered on site by Wellbeing for Life. Explore further roll out of these classes to more sites;
 - To tackle stigma by encouraging Time to Change champions to tell their story and empower others to talk about mental health. Continue to challenge Stigma and Discrimination around mental health. Delivery of employee training and information to help build awareness, understanding and tackle stigma;
 - To continue to promote the employee assistance programme and explore incorporating this into inductions and all employees training.
 - To explore Wellbeing for Life training offer on the menopause. To explore the potential to develop a support group for women going through the menopause.

- To provide information and awareness to employees on breast and cervical cancers, as well as highlighting the risk factors. Lifestyle messages would be incorporated into this training to encourage behaviour change.
- Delivery of workshops at meetings to employees on testicular, prostate, lung, bowel and male breast cancers. To develop short videos on cancer awareness on different topics to appeal to a variety of audiences.
- To invite Durham Drug and Alcohol service to deliver toolbox talks in depot settings.
- To promote the specialist smoking cessation service and encourage those who smoke, to quit.

Violence and Aggression – Potentially Violent Persons Register (PVPR)

39. At the close of Quarter two 2019/20, there were 86 live entries on the PVPR register. The 12 month rolling figures for PVPR live entries are as follows:

Year	Quarter	PVPR live entries
2018/19	3	97
2018/19	4	95
2019/20	1	89
2019/20	2	86

Number of Live Records	86
Number of Additions	15
Number of Removals	18
Number of Warning Letters Sent	3
Number of PVPR Appeals	0

40. Breakdown by service of PVPR views in the last quarter is as follows:

- TAP - 11 people viewed 12 times

- CYPS - 120 people viewed 203 times
- AHS - 55 people viewed 85 times
- ReAL – 214 people viewed 562 times
- RES - 139 people viewed 1376 times
- Members - 5 people viewed 5 times

Corporate risks that may have an impact on Health and Safety as at 21/10/2019

41. This is the current list, there were no changes during the last period.

Ref	Service	Risk	Treatment
1	CYPS	0227 - Failure to protect child from death or serious harm (where service failure is a factor or issue)	Treat
2	AHS	R0562 - A service failure of Adult Safeguarding leads to death or serious harm to a service user.	Treat
3	T&P	R0565 - 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.	Existing controls considered adequate
4	REAL	R0490 - Serious injury or loss of life due to Safeguarding failure (Transport Service)	Existing controls considered adequate
5	RES	R0611 - Serious breach of Health and Safety Legislation	Existing controls considered adequate

Statistical Information

42. The H&S team in conjunction with service H&S providers continue to record, monitor and review work related accidents, incidents and ill health. This data is captured through internal reporting procedures and the Corporate H&S Accident Recording Database (HASARD). It is important to note that when setting future performance targets this data should be utilised.

Main implications

Legal

43. Compliance with statutory legislative requirements reduce risks of enforcement action and/or prosecution against the council or individuals. It will also assist in defending civil claims against the council from employees and members of the public, including service users.

Finance

44. Compliance with legislative requirements will reduce increased service delivery costs, financial penalties associated with H&S sentencing guidelines 2016 and successful civil claims against the council. Financial costs may be insured to some degree and uninsured in some cases, with poor outcomes possibly leading to increased insurance premiums. Financial implications also include staff absence associated with physical and mental ill health, staff training, retention, recruitment and productivity.

Staffing

45. In relation to impact on staffing due to employee absence from injury or ill health, attendance management, employee complaints and grievances, recruitment, selection and retention of employees.

Conclusions

46. Identification of additional employee support, engagement and awareness following the completion of the employee health and wellbeing survey in quarter one will ensure ongoing improvement in key themed areas, ongoing cultural improvements and reduction in stigma.
47. Fire and H&S audit, inspection and investigatory work continues to be essential in early identification and control of work related hazards and risks.
48. Further opportunities are available to substantiate the effectiveness of the council's asbestos management procedures, with an inspector led visit of a primary school arranged during quarter three.
49. Statistical data at the half way point of 2019/20 indicates that there will further reductions in key areas such as RIDDOR reportable accidents and work related physical and psychological ill health.
50. Collaborative working across services has enabled revision of risk assessments and revised control measures in relation to risks associated

with anti-social behaviour within the city centre and for other locality areas where this may be an issue.

Other useful documents

51. Occupational Health quarter two 2019/20 Report
52. Health, Safety and Wellbeing statistical quarter two 2019/20 report

Appendix 1: Implications

Legal Implications - Failure to comply with statutory legislative requirements may result in enforcement action and/or prosecution against the council or individuals. There are risks from civil claims against the council from employees and members of the public, including service users.

Finance – Failure to comply with statutory legislative requirements may result in enforcement action, including prosecution against the council or individuals. These enforcement actions may result in increased service delivery costs, financial penalties associated with H&S sentencing guidelines 2016 and successful civil claims against the council. Financial costs may be insured to some degree and uninsured in some cases, with poor outcomes possibly leading to increased insurance premiums.

Consultation - Service Grouping strategic managers and operational management staff have been consulted in the preparation of this report.

Equality and Diversity / Public Sector Equality Duty - Equality Act compliance ensures consistency in what the council and its employees need to do to make their workplaces a fair environment and workplace reasonable adjustments are required.

Climate change- None

Human Rights - The right to a safe work environment, enshrined in Article 7 of the International Covenant on Economic, Social and Cultural Rights, links with numerous human rights, including the right to physical and mental health and well-being and the right to life.

Crime and Disorder – None.

Staffing – Potential impact on staffing levels due to injury and ill health related absence, staff retention and replacement staff.

Accommodation – The report references H&S related risks associated with workplaces some of which may have impact on accommodation design and provision of safety systems and features.

Risk – This report considers physical and psychological risks to employees, service users and members of the public. Risks also relate to the failure to comply with statutory legislative requirements, which may result in civil action being brought against the council and enforcement action, including prosecution against the council or individuals. These enforcement actions may result in financial penalties, loss of reputation and reduction in business continuity.

Procurement – None

Audit Committee

28 November 2019

**External Audit – Progress Report –
November 2019**



Report of the External Auditor

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To present to the Committee the external auditor's progress report on the external audit of Durham County Council to date.

Executive Summary

- 2 The report sets out an update of the work completed by Mazars (external auditor).
- 3 The report details:
 - The initial progress to date on the 2019/2020 external audit.
 - Work completed on Teacher's Pension Assurance and 2018/19 Housing Benefits Subsidy Assurance.
 - National Publications and other updates that members of the Audit Committee may find useful.

Recommendation(s)

- 4 Audit Committee is requested to note the contents of the external auditor's progress report.

Contact: James Collins

Tel: 03000 267452

Appendix 1: Implications

Legal Implications

None

Finance

There are no direct financial implications associated with this report.

Consultation

Corporate Director of Resources

Equality and Diversity / Public Sector Equality Duty

None

Climate Change

There are no direct climate change implications as a result of this report.

Human Rights

None

Crime and Disorder

None

Staffing

There are no staffing implications.

Accommodation

There are no accommodation implications.

Risk

There are no reportable risks associated with the report.

Procurement

None

Audit progress report

Durham County Council

November 2019





CONTENTS

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

This document is to be regarded as confidential to Durham County Council. It has been prepared for the sole use of the Audit Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. AUDIT PROGRESS

Purpose of this report

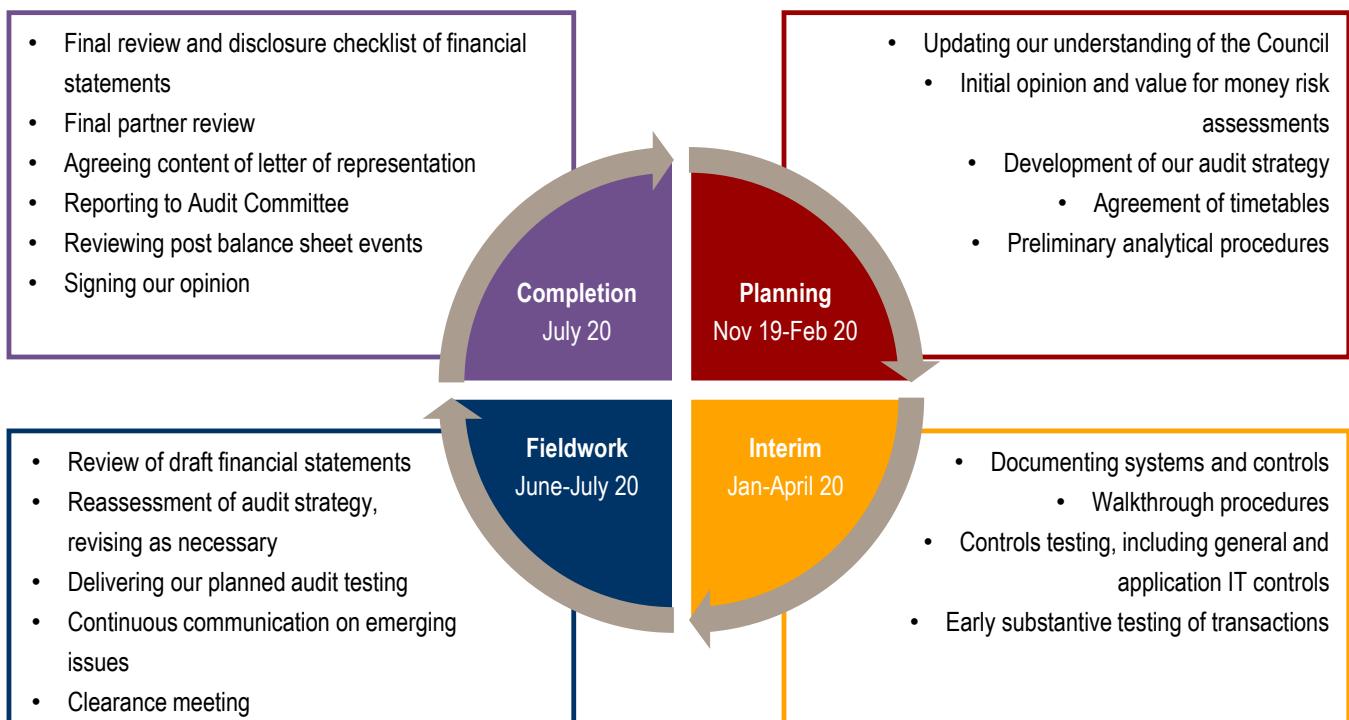
This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditor.

Audit progress

Our key audit stages are summarised in the diagram shown below.

We are currently at the planning stage. The outcome of this work will be communicated in our Audit Strategy Memorandum. We intend to present the Audit Strategy Memorandum for 2019/20 to the February 2020 Audit Committee.

There are no significant matters arising from our audit work that we are required to report to you at this stage.



1. AUDIT PROGRESS - CONTINUED

Teachers' Pension assurance

The Council engaged Mazars as Reporting Accountant to complete an agreed upon procedures engagement. The proposed fee for this work is £4,900 (plus VAT). The requirements of this work are set out in the TP05 Reporting Accountant Guidance (dated 12 June 2019) published by Teachers' Pensions. At the time of preparing this report we have substantially completed the required procedures. We expect to provide our agreed upon procedures report to Teachers' Pensions ahead of the 29 November 2019 deadline.

2018/19 Housing Benefits subsidy assurance

This an 'agreed upon procedures' assurance engagement in respect of the Council's annual subsidy claim to the Department of Work and Pensions (DWP) for housing benefits. The requirements of this work are specified in guidance issued by the DWP "Housing Benefits Assurance Process" (HBAP). The Council engaged Mazars as Reporting Accountant for the 2018/19 return. The proposed fee for this work is £16,500 (plus VAT).

The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis. The relevant requirements are set out in the Modules of the HBAP reporting framework and we report the results of those procedures to the Council and the DWP. The guidance is made available on the government's website:

<https://www.gov.uk/government/publications/housing-benefit-assurance-process-hbap>

The value of the subsidy claimed in 2018/19 is £151,017,114. This is split between different benefit types:

- Rent rebates - £502,802; and
- Rent Allowance - £148,500,531;

The subsidy claimed also includes £2,018,235 of administration subsidy less £4,454 of prior year uncashed payments.

The work is split into:

- agreement of the subsidy claim to supporting working papers;
- initial testing (specified sample sizes);
- extended testing (described as "40+" or 'CAKE – Cumulative Knowledge and Experience' testing where there are errors arising or anticipated based on the prior year); and
- reporting of results, including extrapolated errors, to DWP who then assess whether there will be any loss of subsidy.

At the time of preparing this report our work is ongoing. We anticipate reporting to the DWP before the 30 November 2019 deadline. We will provide Members with detailed findings from this work at the next Audit Committee meeting.

2. NATIONAL PUBLICATIONS

	Publication/update	Key points
National Audit Office (NAO)		
1.	Consultation – new Code of Audit Practice from 2020	Second stage of consultation to take place in the second half of 2019. New Code to take effect from 2020/21.
2.	Exiting the EU: supplying the health and social care sectors	The report considers the Department of Health & Social Care's progress in implementing its Continuity of Supply Programme.
3.	Support for pupils with special educational needs and disabilities in England	This report assesses how well pupils with SEND are being supported.
Local Government Association		
4.	Spending Round 2019: on the day briefing	Briefing on the latest spending round.
5.	A Councillor's guide to digital connectivity, LGA	Key information for Councillors.
6.	Reaching out, Local Government Association	Loneliness policy context and consideration of effective local delivery models.
Housing, Communities and Local Government Select Committee		
7.	Government response to the Housing, Communities and Local Government Select Committee report 'Local Government Finance and the 2019 Spending Review'	

1. Audit progress

2. National publications

2. NATIONAL PUBLICATIONS

1. Consultation – new Code of Audit Practice from 2020, NAO, May 2019

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come into force no later than 1 April 2020.

The consultation is taking place in two stages. The first has concluded and the second will be undertaken in the second half of 2019. The NAO plans to consult on the draft Code text during late summer/autumn and then finalise the Code by the end of 2019, ready to be laid in Parliament early in 2020. The new Code will apply from audits of local bodies' 2020/21 financial statements onwards.

The first stage of the consultation showed broad support for maintaining the principles-based nature of the Code, being the wider scope of public audit, independence and public reporting. However the responses highlighted that this should be supported by more detailed sector-specific guidance.

Value for money arrangements

The 2014 Act places a specific duty on the local auditor to be satisfied whether the body they are auditing has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. In the current Code, this is referred to as work on arrangements to secure value for money (VFM arrangements).

Currently, the auditor reports against a single overall criterion as to whether: "In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people."

There were three common issues identified, namely:

- financial sustainability;
- financial governance; and
- wider partnership working.

The NAO plans to consider how the auditor should report their findings on the adequacy of arrangements, and whether this should be replaced, or supplemented, by a commentary on the specified risks set out in auditor guidance.

<https://www.nao.org.uk/code-audit-practice/about-code/>

2. Exiting the EU: supplying the health and social care sectors, NAO, September 2019

In December 2018 the Department of Health & Social Care (the Department) brought all its preparations for maintaining supplies in the event of a 'no-deal' EU exit under a single Continuity of Supply Programme. The programme's objective is "to safeguard patient care and to ensure that the supply of medicines and medical products remains unhindered in a no-deal scenario". The NAO report examines the progress the Department has made in implementing the Programme.

<https://www.nao.org.uk/report/exiting-the-eu-supplying-the-health-and-social-care-sectors/>

2. NATIONAL PUBLICATIONS

3. Support for pupils with special educational needs and disabilities in England, NAO, September 2019.

This report assesses how well pupils with SEND are being supported. In particular the NAO examined:

- the system for supporting pupils with SEND and the outcomes it is achieving;
- funding, spending and financial sustainability; and
- the quality of support and experiences of pupils and parents.

One of the reports findings is that the system for supporting pupils with SEND is not, on current trends, financially sustainable. Many local authorities are failing to live within their high-needs budgets and meet the demand for support. Pressures – such as incentives for mainstream schools to be less inclusive, increased demand for special school places, growing use of independent schools and reductions in per-pupil funding – are making the system less, rather than more, sustainable. The report states the Department needs to act urgently to secure the improvements in quality and sustainability that are needed to achieve value for money.

<https://www.nao.org.uk/report/support-for-pupils-with-special-educational-needs-and-disabilities/>

4. Spending Round 2019: on the day briefing, Local Government Association, September 2019

Briefing issued by LGA in early September.

Key messages

- The 2019 Spending Round has provided councils with much of the funding certainty and stability they need for next year. The Chancellor has announced a funding package of more than £3.5 billion for vital council services. This is the biggest year on year real terms increase in spending power for local government in a decade. This funding will allow councils to meet the increase in cost and demand pressures they face in 2020/21, which we assess as amounting to £2.6 billion.
- The Government has responded to calls for new money, including £1 billion for social care and £700 million for children and young people with special educational needs and disabilities. The Chancellor confirmed that key grants to local government will also continue next year.
- With this investment councils will be better able to ensure older and disabled people can live the lives they want to lead. Councils will also be better able to support our most vulnerable young people, and to continue to improve their local areas.

<https://www.local.gov.uk/parliament/briefings-and-responses/spending-round-2019-day-briefing>

5. A Councillor's guide to digital connectivity, Local Government Association.

This guide is structured to provide councillors with key information on digital connectivity. It explores the main issues and challenges facing local area.

<https://www.local.gov.uk/councillors-guide-digital-connectivity-0>

6. Reaching out, Local Government Association.

This guide outlines the current loneliness policy context, uses a range of case studies to demonstrate effective local delivery models working in practice, and provides useful checklists and tips on how to measure and evaluate outputs.

<https://www.local.gov.uk/reaching-out>

1. Audit progress

2. National publications

2. NATIONAL PUBLICATIONS

7. The government's response to the report on Local Government Finance and the 2019 Spending Review, October 2019

The Government has responded to the Housing, Communities and Local Government Select Committee report on Local Government Finance and the 2019 Spending Review. In the report, the Government covers the decision to undertake a review of local government audit. The Government also responds to several other recommendations from the Select Committee's original report, including:

- developing a more consistent approach to the collection and monitoring of comparative data about councils' performance, efficiency and financial sustainability;
- the need for MHCLG, working with HM Treasury and other departments, to clearly set out what tasks are expected of local government and how much funding it requires;
- the need for increased adult social care funding;
- the need for MHCLG and HM Treasury to provide a multi-year settlement for local government which runs for one year beyond the Spending Review period – similar to the approach that is currently used for Departmental capital budgets; and
- the need for reforms and substantial changes to the business rate retention system.

<https://www.gov.uk/government/publications/local-government-finance-and-the-2019-spending-review-response-to-the-select-committee-report>

CONTACT

Partner: Mark Kirkham

Phone: 0191 383 6300

Email: mark.kirkham@mazars.co.uk

Senior Manager: James Collins

Phone: 0191 383 6331

Mobile: 07881 283 527

Email: james.collins@mazars.co.uk

This page is intentionally left blank

Audit Committee

28 November 2019

Local Code of Corporate Governance



**Report of John Hewitt, Corporate Director of Resources, and
Councillor Alan Napier, Deputy Leader and Portfolio Holder for
Finance**

Purpose of the Report

- 1 For the Audit Committee to approve the updated Local Code of Corporate Governance following an annual review.

Executive summary

- 2 Several changes have been made to the Local Code of Corporate Governance following the annual governance review 2018/19, including input from relevant service representatives.
- 3 The critical importance of local authority governance during this era of financial pressure and rapid change was emphasised in a report in May 2019 by the Public Accounts Committee (see paragraph 9).

Recommendation

- 4 Audit Committee is requested to approve the updated Local Code of Corporate Governance.

Background

- 5 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.
- 6 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.
- 7 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).
- 8 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.
- 9 The critical importance of good governance during this era of financial pressure and rapid change was emphasised in a [report in May 2019 by the Public Accounts Committee \(PAC\)](#), which concluded that the Department of Housing Communities and Local Government is not yet providing effective leadership of the local governance system. The report said the Department lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils. It also said there is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions. Although the PAC report does not relate directly to local authorities, it is likely to lead to increased scrutiny of local authority governance arrangements in the future.

Local Code of Corporate Governance

- 10 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.

- 11 The Code was revamped three years ago to meet the requirements of the Delivering Good Governance in Local Government Framework (2016), which remains current, and is now reviewed annually.
- 12 The Code has been updated in light of the annual governance review 2018/19, including input from relevant service representatives. All significant changes are highlighted in grey, the most important of which are,
 - (a) Removal of references to the 'Altogether' themes.
 - (b) The three key statutory officers with legal responsibilities and powers to protect good governance are mentioned (para 4.3).
 - (c) Emphasis of the Audit Committee role in good governance (para 4.5).
 - (d) Insertion of the Code of Our Values, Behaviours and Conduct (4.8 & 4.9).
 - (e) Insertion of Environment, Health & Consumer Protection enforcement policy and associated functions (4.16).
 - (f) Consultation and Engagement Strategy replaced by Consultation Statement (4.18 & 4.22).
 - (g) Sustainable Community Strategy replaced by County Durham Vision 2035 (4.23, 4.25, 4.26 & 4.52).
 - (h) Insertion of Co Durham Partnership Plans (4.26) and Organisation Plans (4.27).
 - (i) Insertion of Inspiring Place (4.37), Inspiring Change (4.38) and Inspiring People (4.46) elements of the Transformation Programme.
 - (j) Insertion of the corporate landlord service delivery model and new head of service (4.37).
 - (k) Insertion of governance arrangements for the Council's commercial companies and joint venture arrangements (4.51).
 - (l) Insertion of reference to the independent assessment against CIPFA's Financial Management Code (4.58).

Authors

David Marshall Tel: 03000 269648

Kevin Roberts Tel: 03000 269657

Appendix 1: Implications

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.

Finance

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

Consultation

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

Equality and Diversity / Public Sector Equality Duty

Engaging local communities including hard to reach groups meets a core principle of the CIPFA/ SOLACE guidance.

Climate Change

There are no direct climate change implications, but good governance helps to avoid or minimise adverse impacts.

Human Rights

None

Crime and Disorder

None

Staffing

There are no impacts on staffing, but ensuring the adequate capability of staff 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.

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.

Procurement

None

This page is intentionally left blank

Appendix 2: Updated Local Code of Corporate Governance

DURHAM COUNTY COUNCIL

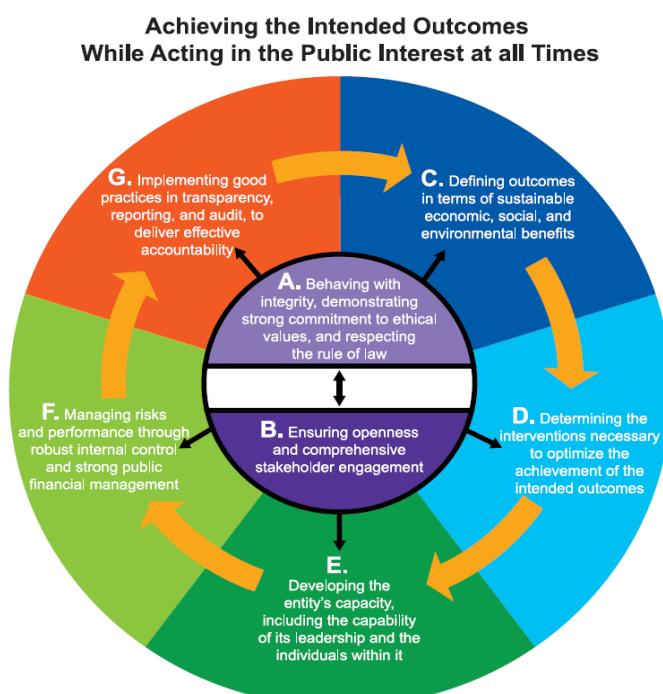
**LOCAL CODE OF CORPORATE
GOVERNANCE**

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?

- 1.1 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.
- 1.2 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.
- 1.3 The diagram below, taken from the International Framework shows how the various principles of good governance in the public sector relate to each other.



2 The Principles of Good Governance

- 2.1 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.
- 2.2 Principles A and B are consistently applied through 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.**
- 2.3 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 and planning 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, data and performance through robust internal control and strong public financial management**
 - G. Implementing good practices in transparency, reporting and audit to deliver effective accountability**

3 The Council's Local Code of Corporate Governance

- 3.1 The Council is committed to, and endeavours to maintain, an effective governance framework to meet the principles set out in this Code.
- 3.2 This Code also aims to ensure that the Council responds appropriately to sustained pressures from a variety of sources.

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

- The statutory officers with responsibilities and powers to protect good governance, namely, the Head of Paid Service (Chief Executive), the Section 151 Local Government Act 1972 Officer (Corporate Director of Resources) and the Monitoring Officer (Head of Legal and Democratic Services).
- 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.

3.4 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.

3.5 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. Audit Committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management. The purpose of the audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. 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.

3.6 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

- 3.7 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

- 3.8 Key governance documents supporting Principle A include:

Constitution – Codes of Conduct for Members and Employees; Contract Procedure Rules; Decision Making; Functions and Responsibilities of Key Officers; Overview and Scrutiny Arrangements; Protocol on Member/Officer Relations; Other Codes and Protocols; Roles and Functions of Members.

Other – Code of Our Values, Behaviours and Conduct (Employees); Confidential Reporting Code (Whistleblowing policy); Corporate Complaints Policy; Counter Fraud and Corruption Strategy; Fraud Response Plan; Member Role Descriptions (Councillor Compact); Officer and Member Gifts & Hospitality Register and Procedures; Overview and Scrutiny Handbook; Statutory Officers; Sustainable Commissioning and Procurement Policy.

A1 Behaving with integrity

- 3.9 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 the Code of Our Values, Behaviours and Conduct what is important to us. We work together to achieve the best for people; we put people and communities at the heart of everything we do and value our employees; we value, trust and support each other; we embrace change and look for better ways to deliver services.
- Setting out in codes of conduct the minimum standards expected of members and employees, and the implications of any code breaches.
- 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.

3.10 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 Overview and Scrutiny Management Board](#) 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

3.11 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 [Corporate Overview and Scrutiny Management Board](#) and Overview and Scrutiny Committees.
- The role, functions and scope of the [Corporate Overview and Scrutiny Management Board](#) and the five thematic 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.
- Regular review of the Gifts and Hospitality Register by the Monitoring Officer.
- 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 Inspiring People Awards and awarding instant recognition certificates to those who make an exceptional contribution in this area.

3.12 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.

3.13 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

3.14 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 Local Government and Housing Act 1989.
 - Designating the Corporate Director of 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, written guidance and implementing appropriate service-specific arrangements to ensure compliance.

3.15 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.

3.16 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.
- Exercising regulatory and enforcement functions under the Environment, Health & Consumer Protection enforcement policy, which requires authorised officers to have regard to codes of conduct, legislation and other statutory provisions, and adhere to the 'principles of good regulation' to improve outcomes without imposing unnecessary burdens on individuals and businesses.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

Why this is important

3.17 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

3.18 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 Officer Group; Consultation Statement; 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; County Durham Vision 2035; Transparency and Accountability webpage.

B1 Openness

3.19 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 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, to ensure that the public's views are incorporated into decision making processes.

3.20 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

3.21 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 County Durham Partnership that provides a strategic direction and enables close working between partners for the benefit of our residents.

- 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 Safeguarding Group chaired by the Chief Executive, 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

- 3.22 Through the [Consultation Statement](#), the Council seeks to establish a clear policy on the type of issues on which it will consult on and involve communities, individual citizens, service users and other stakeholders. The Council aims to ensure that the views of local people ~~and visitors~~ are used to set priorities, influence policy and decision making, and that service provision is contributing towards the achievement of intended outcomes. Council-wide Consultation Officer Group, chaired by Head of Partnerships and Community Engagement, coordinates all consultation activity across the authority.
- 3.23 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 [County Durham Vision 2035](#), 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

3.24 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

3.25 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; Children and Young People's Strategy 2019 - 2022; Climate and Emergency Plan; Corporate Capital Protocol; Council Plan 2016 - 2019 and service plans; County Durham Plan; County Durham Vision 2035; 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.

C1 Defining outcomes

3.26 The County Durham Vision 2035, 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. The Vision includes the following ambitions for the place of County Durham:

- there are more and better jobs,
- people live long and independent lives, and
- our communities are well connected and supportive of each other.

There are five underlying themes, which emerged from the extensive public consultation: rural communities, climate change, the natural environment, new technologies and the United Kingdom's exit from the European Union. The Vision seeks to address several issues arising from an analysis of performance data and emerging policy, which were further refined after consultation with residents and other interested groups. These issues are: the economy; tourism; community spirit; children's health, safety and access to a good education; health; transport; housing; and revitalisation of high streets.

The Vision and ambitions are supported by the following County Durham Partnership Plans:

- Safe Durham Partnership Plan,
- Joint Health and Wellbeing Strategy,
- Children and Young People's Strategy,
- Regeneration Statement, and
- Climate Emergency Plan.

3.27 In addition to the above arrangements, outcomes are defined through:

- 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](#) 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 [County Durham Vision 2035](#) and the Council's own improvement agenda.
- Developing, through the [Medium Term Financial Plan 2019 - 2022 \(MTFP\)](#), 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.
- Durham Police and Crime and Victims' Commissioner's Police, Crime and Victims Plan.
- Durham and Darlington Fire and Rescue Service Integrated Risk Management Plan.
- NHS Clinical Commissioning Groups Strategic Plans.
- Durham Constabulary Plan on a Page.
- 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

3.28 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 Climate Emergency Plan 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 of 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 Statement](#), 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.

3.29 The Council ensures fair access to services by:

- Using the [Equality Policy](#) to reinforce the Council's responsibilities under the Equality Act 2010, including compliance with the public sector equality duty to prevent any negative outcomes as a result of Council decisions for people with protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sexual orientation, transgender).
- Supporting the [Equality Policy](#) with an equality 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 [Corporate Overview and Scrutiny Management Board](#) and Scrutiny Committees.

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

Why this is important

3.30 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

3.31 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; County Durham Vision 2035; Sustainable Commissioning and Procurement Policy.

D1 Determining interventions

3.32 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.
- 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

3.33 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 [County Durham Vision 2035](#) 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 [County Durham Vision 2035](#), 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

3.34 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

3.35 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

3.36 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 member of the public wishing to ask a question at Council (Council Procedure Rules).

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

3.37 The Council ensures the continuing effectiveness of its operations, performance and use of assets through:

- The Inspiring Place element of the Transformation Programme, which seeks to modernise and refurbish strategic sites, introduce flexible ways of working, reduce paper-based processes and consolidate services.
- Establishing a corporate landlord service delivery model for asset management, overseen by the Head of Corporate Property and Land.
- 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.

3.38 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 through:

- The Inspiring Change element of the Transformation Programme, which seeks to invest in new IT systems, modernise and simplify business processes, redesign services in localities to meet community needs, and introduce more commercial activity to support social objectives.
- 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.

3.39 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

3.40 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.
- 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.

3.41 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.

3.42 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.

3.43 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.

3.44 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.

3.45 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 [Corporate Overview and Scrutiny Management Board](#), which has the power to:-
 - “call-in” decisions which have been made but not implemented; and
 - recommend that their decisions are reconsidered.
- Consulting the [Corporate 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.

3.46 The Council strives to maintain effective arrangements to meet employees' needs in terms of training, development, health and wellbeing through:

- The Inspiring People element of the Transformation Programme, which seeks to invest widely in staff training and development, review the Council's HR policies and procedures, adopt new values and behaviours, empower people to be advocates of change, and identify talent and succession planning.
- 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, data and performance through robust internal control and strong public financial management

Why this is important

- 3.47 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.
- 3.48 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.
- 3.49 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

- 3.50 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

- 3.51 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. Council-owned companies and joint venture arrangements are provided with strategic and financial guidance and support, and are required to report regularly on performance.

F2 Managing performance

- 3.52 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 [County Durham Vision 2035](#) 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.

3.53 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.

3.54 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

3.55 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.

3.56 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

3.57 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 designated Data Protection Officer, Head of 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

3.58 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.
- Completing an independent assessment against CIPFA's Financial Management Code by the Council's Internal Audit Team and identifying any improvements that can be made.
- 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

3.59 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

3.60 Key governance documents supporting Principle G include:

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

G1 Implementing good practice in transparency

- 3.61 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.
- 3.62 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

- 3.63 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](#) [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.
- 3.64 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 of Resources in consultation with the 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.

3.65 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

3.66 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 (2019).
- Applying the [Public Sector Internal Audit Standards](#) within all of procedures of the Internal Audit Service.

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

3.68 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.

4 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 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 [Corporate 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.

This page is intentionally left blank

Audit Committee

28 November 2019

Strategic Risk Management Progress

Report for 2019/20

Review 2: 1 June – 30 September 2019



Report of Corporate Management Team

John Hewitt, Corporate Director of Resources

Councillor Alan Napier, Deputy Leader and Portfolio Holder for Finance

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 2019.

Executive summary

- 2 This report supports the Council's Risk Management Strategy. Audit Committee monitors corporate governance, including risk management activity. Heads of service identify and manage risks that may impede Council objectives and provide assurance that effective controls are in place. Risks are reviewed three times each year, which contributes to improved performance, decision-making and governance.
- 3 Two new risks, relating to poverty and a no-deal Brexit, have been added to the strategic risk register. One risk has been removed, the welfare reforms risk, which has been replaced by the new poverty risk.
- 4 On 30 September 2019, there were 28 risks on the strategic risk register. There are four key risks, relating to Government funding cuts, medium-term financial plan slippage, child safeguarding and vulnerable adults, for which key mitigating actions have been identified.
- 5 Performance against key indicators is set out to provide assurance that strategic risks are being effectively managed, and that officers and members are appropriately skilled in risk management.

Recommendation(s)

- 6 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.

Background

- 7 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 of Resources as member and officer risk champions respectively. Collectively, they meet 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**.
- 8 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

- 9 As at 30 September 2019, there were 28 risks on the corporate strategic risk register, one more than as at 31 May 2019. During this period, two risks were added, and one was removed.
- 10 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) There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the upcoming Comprehensive Spending Review and the Fair Funding Review;
 - (c) Failure to protect a child from death or serious harm (where service failure is a factor or issue);
 - (d) Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).

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

- 11 A list of all the Council’s strategic risks as at 30 September 2019 is included in **appendix 4**.

- 12 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.
 - 13 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 5**.

Authors

David Marshall Tel: 03000 269648

Kevin Roberts Tel: 03000 269657

Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

None

Equality and Diversity / Public Sector Equality Duty

None

Climate Change

There are no direct climate change implications, but effective risk management helps to avoid or minimise adverse impacts.

Human Rights

None

Crime and Disorder

None

Staffing

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

Accommodation

None

Risk

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

Procurement

None

Appendix 2: How the Risk Management Framework operates

The Cabinet and the Corporate Management Team have designated the Cabinet Portfolio Holder for the Deputy Leader and Finance and the Corporate Director of 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, Insurance 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 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 2019, there were 28 risks on the corporate strategic risk register, one more than as at 31 May 2019. During this period, two risks were added, and one was removed.

The following matrix profiles the strategic risks according to their net risk evaluation as at 30 September 2019. To highlight changes in each category during the last period, the number of risks as at 31 May 2019 is shown in brackets.

Overall number of Strategic Risks as at 30 September 2019

Impact					
Critical	1 (1)		3 (3)		1 (1)
Major		5 (5)	5 (4)		
Moderate			10 (10)	3 (2)	
Minor				0 (1)	
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

In the above matrix, the risk assessed as Critical/Highly Probable is, “There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the upcoming Comprehensive Spending Review and the Fair Funding Review.”

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

New Risks

- 1 In September 2019, Cabinet received an update on progress being made by the council and its partners in addressing welfare reform and the wider poverty issues in the county.

In addition to the wider impacts of welfare reforms, the drivers of poverty include Brexit and wider economic trends. These factors are reflected in the new '**Risk that Council does not fully respond to the drivers of poverty to help alleviate the impacts on County Durham residents**', which replaces the former Welfare Reforms risk.

The Council has an overarching Poverty Action Steering Group to oversee and coordinate its approach to mitigate poverty and has developed a comprehensive network of statutory, voluntary and community organisations who work together to provide advice services across the county through the Advice in County Durham Partnership. The steering group has developed a new Poverty Action Strategy and Poverty Action Plan. **(T&P)**

- 2 **Potential adverse effects of a no-deal Brexit on the economy, safety and welfare of the County.**

Following the referendum in June 2016, in which the United Kingdom (UK) voted to leave the European Union (EU), the government has yet to conclude a withdrawal agreement with the EU. The UK was due to leave the EU on 31 October 2019, but in the absence of a deal, the government was required to request an extension through to 31 January 2020, which has been granted by the EU. A draft withdrawal agreement has been agreed between the UK government and the EU, and accepted by the House of Commons, but the timetable for the necessary legislation was been rejected. In the meantime, a General Election has been called for 12 December 2019 with the different political parties adopting different positions on the proposed deal, a second referendum and revoking the Article 50 process. In the absence of a deal, there is a risk that the UK may leave the EU without mutually beneficial arrangements setting out the future EU/UK relationship in terms of trade, cooperation and the movement of people, goods and services. The uncertainty is already having an effect on the local economy and a no-deal exit would have the potential to adversely affect the economy, safety and welfare of the county from 31 January 2020, the current date when the UK is scheduled to leave the EU, unless a deal and transitional arrangements are agreed and put in place.

A Brexit Task & Finish Group, chaired by the Director of Transformation and Partnerships with representatives from all service groupings and reporting to Corporate Management Team was established last year. Taking account of a range of guidance from the government and professional bodies, the Group is working with key partners including the Local Resilience Forum, as well as key suppliers and service providers, to identify and where possible mitigate the impacts on council services and service users. Advice has been provided to businesses, schools, council suppliers and the community and voluntary sector. The council has also applied to the government to act as an assistance hub for residents which need to apply for EU Settled Status in order to remain in the county. **(T&P)**

Removed Risks

- 3 ***'Risk that the Council does not respond to the Government's changes to Welfare Reform'***. This risk has been superseded by the new Poverty risk outlined in paragraph 1. **(T&P)**

Key Risks

4 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 Vulnerable Adults	Risk 2 Government Funding cuts	
Major					
Moderate					
Minor	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.				
Insignificant					
Net Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

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	There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the upcoming Comprehensive Spending Review and the Fair Funding Review.	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: Richard Crane	Altogether Better for Children and Young People	Failure to protect a 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 Durham Safeguarding Children Partnership. 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	Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).	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.

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

The following tables highlight the risks for each Corporate Theme as at 30 September 2019.

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	There is significant uncertainty in relation to future funding settlements from government, which will be impacted by the upcoming Comprehensive Spending Review and the Fair Funding Review.
3	T&P	Potential adverse effects of a no-deal Brexit on the economy, safety and welfare of the County
4	T&P	Serious breach of law regarding management of data/information, including an unauthorised release requiring notification to ICO.
5	T&P	Failure to consider equality implications of decisions on communities leading to legal challenge and delays in implementation.
6	RES	Potential violence and aggression towards members and employees from members of the public.
7	T&P	Risk that Council does not fully respond to the drivers of poverty to help alleviate the impacts on County Durham residents.
8	T&P	Failure to consult with communities on major service & policy changes leading to legal challenge & delays in implementation.
9	RES	Potential significant size and scope of the liabilities of equal value claims.
10	RES	Serious breach of Health and Safety Legislation.
11	T&P	If the Council suffered a major cyber-attack, then it may be unable to effectively deliver essential services.
12	T&P	Potential breach of the EU General Data Protection Regulations.
13	RES	Due to the current economic climate and amount of change occurring across the Council, there is potential for increases in fraud and corruption.

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

Altogether Greener

Ref	Service	Risk
20	REAL	Risk of a suspension notice under Regulation 37, Environmental Permitting Regulations 2016, leading to a partial cessation of operations at Mountsett Crematorium.

Altogether Healthier

	Service	Risk
21	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.
22	AHS	Risk that the Council breaches its Adult Care – Residential Care Charging Policy and Deferred Payment Policy and is subject to legal challenge by Providers.

Altogether Safer

	Service	Risk
23	AHS	Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).
24	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.
25	REAL	Damage to Highways assets as a result of a severe weather event.
26	REAL	Serious injury or loss of life due to Safeguarding failure (Transport Service)

Altogether Wealthier

	Service	Risk
27	REAL	Future strategic direction of the Council and the County will be adversely impacted if the County Durham Plan is not adopted.
28	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: Performance of Risk Management

Performance Indicators - Tangible Measures

KPI	Objective: To demonstrate that risks are being effectively managed			
	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% (3 times pa)	100%	100%
Risk mitigation is being implemented as planned	Risk actions on high-scoring risks implemented within target date	Target N/A (3 times pa)	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 (3 times pa)	None	None.
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 draft Annual Governance Statement was approved by Audit Committee on 31 May 2019.	A draft, revised Local Code of Corporate Governance was reported to Transformation & Partnerships and Resources Management Teams.
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	No training provided in this period.	No training provided in this period.
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%	No internal training was provided in this period. Training was provided to officers and members from Stanley Town Council.	No training was provided in this period.

Audit Committee

28 November 2019

**Protecting the Public Purse – Update
Activity Report as at 30 September 2019**



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

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 This report presents the update activity Protecting the Public Purse Report, to inform Members of the work that has been carried out as at 30 September 2019.

Executive Summary

- 2 The report provides Members with the progress that has been made by the Corporate Fraud Team as at 30 September 2019. The report provides an update on:
 - (a) The work of the Corporate Fraud Team;
 - (b) Action taken to raise awareness of the risk of fraud and corruption to assist in embedding a strong counter fraud culture throughout the organisation;
 - (c) Reported cases of potential fraud reported during April to September 2019;
 - (d) Proactive Counter Fraud work;
 - (e) Progress on the Council's participation in the National Fraud Initiative (NFI);
 - (f) Fraud Reporting;
 - (g) Fraud Training.

- 3 The appendices attached to this report are summarised below. Appendix 3 marked with an asterisk is not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).
- (a) Appendix 2 – Case load and values of fraud identified between April and September 2019;
 - (b) Appendix 3* – Cases of potential internal corporate fraud reported and ongoing investigations;

Recommendations

- 4 Members are asked to note the contents of the update activity Protecting the Public Purse Report including:
- (a) The work carried out by the Corporate Fraud Team;
 - (b) The actions taken to improve awareness and the arrangements in place for managing the risk of fraud and corruption;
 - (c) Corporate Fraud Team numbers and values of fraud identified for 2019/2020 as at 30 September 2019 (Appendix 2).

Background

- 5 The risk of fraud and corruption is recognised as a strategic risk within the Council's Corporate Strategic Risk Register.
- 6 The latest Counter Fraud and Corruption Strategy was agreed by CMT and then Audit Committee in June 2018.
- 7 The Corporate Fraud Team is responsible for:
 - Developing, implementing and promoting the Council's Counter Fraud and Corruption Strategy, raising awareness of the risk of fraud and corruption and advising on controls that will effectively manage the risk;
 - Investigating cases of suspected fraud and overseeing that any investigations are completed in accordance with the Council's Fraud Response Plan and other Counter Fraud Policies;
 - Supporting management pro-actively in the prevention and identification of potential fraud and irregularity through membership of the National Anti-Fraud Network (NAFN), the North East Fraud Forum (NEFF), CIPFA's Counter Fraud Centre and directly through the Cabinet Office's National Fraud Initiative (NFI).
- 8 The Audit Committee is responsible for monitoring the arrangements the Council has put in place to mitigate the risk of fraud and corruption by seeking assurance on their effectiveness.

Corporate Fraud Team

- 9 The Corporate Fraud Team has continued to develop over 2019/20. The team has investigated both internal and external frauds, as well as assisting with the counter fraud activity.
- 10 The work of the Corporate Fraud Team includes:-
 - Investigating potential council tax reduction fraud;
 - Investigating potential single person discount fraud and other council tax frauds;
 - Investigating potential business rates fraud;
 - Investigating potential employee corporate fraud;
 - Investigating potential fraud in schools;

- Investigating potential abuse of blue badges, working with colleagues from Regeneration and Local Services;
- Investigating potential direct payments fraud, working with colleagues from Adult Health Services;
- Investigating potential insurance fraud, working with colleagues from Highways, Legal and our external insurers;
- Investigating serious data breach cases where the Information Commissioners Office will be notified;
- Coordinating and investigating reports from the National Fraud Initiative (NFI);
- Creating stronger partnership working and a multi-agency approach to tackle organised crime and fraud and corruption by having a member of the Corporate Fraud Team working alongside Durham Constabulary at Police Headquarters;
- Working with Believe Housing Group and Livin Housing Association to investigate potential tenancy fraud;
- Working with Karbon Homes to investigate potential right to buy and right to acquire fraud and verification checks;
- Membership of the CIPFA Counter Fraud Centre, attending round table events and forums to gain best practice;
- Working with colleagues in People and Talent Management to review and support disciplinary investigations;
- Working with colleagues in People and Talent Management and Corporate Complaints Unit to review employee complaints;
- Single point of contact (SPOC) for housing benefit fraud for information sharing with the Department for Works and Pensions.

Counter Fraud Awareness

- 11 A summary of the counter fraud awareness initiatives progressed during April to September 2019 are as follows:
- A continued review of the Corporate Strategic Risk into Fraud & Corruption has been completed, with an action to develop a Fraud Risk Register embedded within each Service grouping;
 - Attendance at Durham Constabulary's quarterly Serious and Organised Crime Disruption Panel;

- Attendance at Durham Constabulary's Gold Command Group;
- Fraud awareness training has been delivered to high risk areas, with over 58 attendees during April to September 2019, with more planned during the rest of 2019/20. Fraud Awareness is an ongoing action included within the Fraud Operational Plan to be delivered on an annual basis;
- Fraud awareness is incorporated into the induction process for new employees. Employees are directed to Counter Fraud pages and Policies on the intranet;
- As part of the annual review of the Recruitment and Selection Policy, a fraud declaration is included to act as a deterrent and employee data will be reviewed to match against Durham Constabulary's Organised Crime Group (OCG) data;
- Several warnings have been received from the National Anti-Fraud Network (NAFN) regarding a range of frauds and scams against Councils and schools. All warnings are communicated to the relevant service areas and publicity to warn our customers. To help reduce the potential risk to schools within the County, details of the common frauds and scams, and how to avoid them, have also been made available on the school extranet and in school newsletters;
- The Corporate Fraud System records all NAFN scams and alerts, so intelligence searches can be made at any time;
- DCC is a member of the CIPFA Counter Fraud Centre and the North East Fraud Forum (NEFF), receiving warnings of scams and alerts and good practice. Again, all warnings are communicated to the relevant service areas and publicity to warn our customers;
- The last review of the Confidential Reporting Code (Whistleblowing) was concluded by People and Talent Management and Corporate Fraud in August 2018, with a further review to be completed during 2019/20. The Code is also available on the DCC website for contractors, suppliers and former employees, as well as publicity being included on the intranet;
- The Corporate Fraud Sanction Policy is publicised on the DCC website acting both as a deterrent and allowing us to pursue fraudsters. This policy sets out what actions will be taken with fraud and the sanctions available to dispose of offenders;

- A review of Durham County Council's website relating to fraud and the reporting methods has continued, with further changes to the landing page: www.durham.gov.uk/fraud;
 - The Counter Fraud and Corruption Strategy, the Fraud Response Plan, the Confidential Reporting Code and the Anti Money Laundering Policy have all been reviewed with no changes required for 2019/20. The plan is for the Counter Fraud and Corruption Strategy to be revised in line with the proposed changes to the national Fighting Fraud & Corruption Strategy that is expected in 2020. All documents are currently available on the DCC website and intranet, under the 'Counter Fraud Awareness' section;
 - Training, which includes counter fraud guidance, is included in the Governor Training Booklet. We provide one course every school term, therefore three are provided annually;
 - The Corporate Fraud System is maintained for all external and internal reported cases of fraud, which are then reported to Service areas and Audit Committee;
 - The CRM corporate fraud reporting form has continued to be the most popular reporting method from the public, for the third consecutive year. As at 30 September 2019, 133 referrals have been made using this access channel;
 - The Fraud Communications Strategy and delivery programme has continued throughout April to September, with various forms of publicity and communications. Further details of this is included below;
 - A review of the Employee Code of Conduct (CCE) declarations is ongoing, which is considering a new electronic process. CRM is being considered to capture the information.
- 12 The Counter Fraud Operational Plan 2019/20 is monitored every month, so that progress can be effectively managed. This operational plan was agreed by Audit Committee in June 2019.
- 13 A programme for managers is included within the Corporate Training Programme and includes Fraud Awareness. Regular sessions are held which includes as many managers as possible to alert them to the risk of fraud in their respective service areas.

- 14 Durham County Council signed up to a joint counter fraud initiative with the Department of Works and Pensions (DWP) local fraud investigators in May 2019. The joint counter fraud initiative involves DWP local fraud teams, working together with council fraud teams, carrying out joint criminal fraud investigations of Council Tax Reduction Scheme (CTRS) and Social Security benefit fraud.
- 15 Since May 2019 we have investigated four joint cases, two of which are still ongoing. The initiative is still in its infancy but to date the expected increase both with the number of investigations and the value of savings to the authority and the number of prosecutions and sanctions will not be as high as originally forecast. Progress of this initiative will continue to be reported to the Committee within the annual report.
- 16 The fraud campaign has progressed during 2019/20, with the continued key messages to 'fight fraud together' and 'stamp out fraud' asking residents, stakeholders, Members and employees to 'help stop fraud and report it'.
- 17 Awareness of the campaign has been delivered via press releases, on social media, internal and external communications, the DCC website and at our Customer Access Points. We have designed promotional materials to advertise around the county at DCC venues and attended as an exhibitor at the Social Worker Day event.
- 18 Recent awareness has involved publicising on the park & ride buses and at bus stations, to being on Local Government TV promoting the work of the Corporate Fraud Team. A fraud awareness video is currently being finalised, with some publicity planned in conjunction with International Fraud Awareness week in November 2019.
- 19 The Fraud Communication Strategy is a live document, with further internal and external communications being developed and will be rolled out later this year, with the plan to keep our awareness refreshed and ongoing, especially as 'fraud doesn't stop'.

Reported Cases of Potential Fraud and Irregularity

- 20 The Fraud Response Plan, which underpins the Counter Fraud and Corruption Strategy, requires that cases of attempted, suspected or proven corporate fraud or irregularity reported to service managers must be reported to the Chief Internal Auditor and Corporate Fraud Manager when they are identified or raised.

- 21 A register is maintained by the Chief Internal Auditor and Corporate Fraud Manager of all suspected cases of fraud reported, whether the matter is investigated by Internal Audit or Corporate Fraud or service management. The register is maintained on the Council's Corporate Fraud System and identifies all different types of fraud, both internal and external.
- 22 The maintenance of these records is essential to monitor the impact of fraud on, and within, the Council, as a measure of the effectiveness of the Counter Fraud and Corruption Strategy.
- 23 Cases are also monitored to identify any potential trends and/or potential weaknesses in the control environment that may require further action or attention.
- 24 A summary of the potential cases of internal corporate fraud reported each of the last five years is as follows: -

Financial Year	Number of Cases
2015/16	33
2016/17	58
2017/18	40
2018/19	30
2019/20 (April – Sept)	11

- 25 Referrals as at 30 September 2019 have continued to decrease in comparison to previous years. It is hoped that the awareness of the Corporate Fraud Team acts as a suitable deterrent and our zero-tolerance approach is being embedded within the organisation. With further fraud awareness planned during 2019/20, including the continuation of publicising the Confidential Reporting Code, this will continue to encourage cases to be reported.
- 26 A summary of ongoing cases from previous years, and cases reported between 01 April 2019 and 30 September 2019, together with the outcomes from any subsequent investigation, are shown as Appendix 3.
- 27 As with all fraud investigations carried out, where weaknesses in control are identified, recommendations are made to minimise the risk of repeat cases. Where applicable, and where patterns emerge, this helps inform the Internal Audit Plan and potential proactive fraud work in the future.

- 28 A summary of the potential cases of external corporate fraud reported and investigated since 2015/16 is as follows: -

Financial Year	Number of Referrals	Number of Cases Investigated	Fraud Outcome Values
2015/16	804	744	£1,726,802
2016/17	803	364	£793,331
2017/18	1,041	659	£796,691
2018/19	978	481	£1,344,290
2019/20 (April – Sept)	561	322	£1,303,363

- 29 During April to September 2019 both referrals and the number of cases investigated are on the increase compared to previous years. The fraud campaign and continued awareness of the corporate fraud team and an increase with our partnership working, are believed to be the main contributory factors.
- 30 The value of the fraud outcomes for April to September 2019 has also continued to rise. Again, this is due to the increase with our partnership work with Believe Housing, Gentoo Homes, Karbon Homes and Livin Housing, especially the right to buy verification/money laundering checks and the savings involved.
- 31 As previously reported, from April 2019 an estimated value was introduced within the team's performance indicators to measure the preventative amount saved when a fraud had been found. These values are calculated separately to show the preventative amount, that a fraud investigation has saved, that would have continued to be paid. The methodology and calculations that are used are from a national report by the Cabinet Office.
- 32 A summary of the Corporate Fraud Team case load and values of fraud cases identified during April to September 2019, are shown as Appendix 2.

Proactive Counter Fraud Work

- 33 Across the year, a number of proactive counter fraud initiatives have been completed, including:
- The continuation of the North East Tenancy Fraud Forum (NETFF), with the Fraud Manager as joint chair;

- The continuation of the North East Regional Investigation Officers Group (NERIOG), with the Fraud Manager as the chair. The objectives and functions of the group are to review good practice information and guidance, promote awareness and understand fraud risks across the region, to develop joint working and data sharing to tackle these fraud risks, to coordinate regional projects, to review training requirements as a group and to develop a network of key contacts;
- Further development of the Corporate Fraud System data warehousing software, which allows localised data matching and intelligence led investigations. New data sets have been included during 2019/20;
- The partnership work with Durham Constabulary allows for data matching to be done against specific council datasets against police OCG data. The partnership has also allowed for direct access to Police intelligence systems to assist with the Corporate Fraud investigations;
- The achievements with countering insurance fraud have continued to be recognised, working closely with Zurich and internal services to embed our fraud strategy. Our best practice arrangements have continued to be acknowledged by neighbouring authorities and our partners;
- The continuation of the Blue Badge Enforcement Group (BBEG), with the Corporate Fraud Team as chair. This group is attended by parking Services, Adult Health Services and the Corporate Fraud Team. The terms of reference of the group is to develop joint working and data sharing, promote awareness, share best practice and knowledge, and tackle fraud and misuse as a joined-up authority;
- The joined-up approach involves specific targeted days for enforcement, which has resulted in finding blue badge fraud and misuse, with 3 formal cautions administered during April to September, with further cases listed for criminal proceedings during 2019/20;
- A proactive approach into Data Protection requests for information continued during April to September, with the Corporate Fraud Team checking in total 128 requests, including assisting with any potential school admission and school transport fraudulent applications, Consumer Protection investigations and Durham Constabulary with their investigations;

- The Corporate Fraud Sanction Policy has allowed us to dispose of five sanctions and one prosecution during April to September 2019;
- Progress has continued to develop the North East Regional fraud data hub, with Durham being the lead authority. The SLAs and Data Sharing Agreements are nearly finalised, which will assist with cross boundary intelligence and data matching, allowing us to tackle fraud on a regional level with Gateshead Council and Newcastle City Council;
- A three-year Strategic Partnership is continuing with both Believe Housing Group and Livin Housing, for the Corporate Fraud Team to deliver Tenancy Fraud work for both organisations;
- A Strategic Partnership is continuing with Karbon Homes, for the Corporate Fraud Team to deliver right to buy and right to acquire verification checks and any potential money laundering fraud;
- A Strategic Partnership with Bernicia Homes has recently been entered for the Corporate Fraud Team to deliver right to buy and right to acquire verification checks and any potential money laundering fraud;
- The Corporate Fraud Team has delivered right to buy and right to acquire verification checks to prevent fraud for Gentoo Homes. Initially it was agreed to sample thirty cases, which was then extended to a further three-month period. It is hoped the work carried out by the Corporate Fraud Team will have demonstrated value for money and that Gentoo will enter into a Strategic Partnership.

National Fraud Initiative (2018 / 2019)

- 34 The National Fraud Initiative (NFI) is the Cabinet Office's data matching exercise that runs every two years. Data from various Council systems was submitted in October 2018 and was matched across systems and against data submitted by other organisations to identify potential fraud and / or error.
- 35 The main results of the NFI 2018-2019 exercise were released between January and March 2019, with subsequent reports released between April and September and produced a total of 114 separate reports, containing 35,370 individual data matches for review by the Council. This does not include the recheck reports that are separate for Single Person Discount.

- 36 It has been acknowledged by the Cabinet Office that, due to the quality of the data in the host systems, the resulting data matches will be of differing quality. In addition, due to the number of matches identified, it may not be possible to investigate all the matches produced. Consequently, organisations are expected to review their data matches to determine priorities for investigation.
- 37 As at 30 September 2019, 11,715 matches have been closed. There are reports that have been investigated and closed in bulk, but these don't show as individual matches closed and are not included within the 11,715. The savings recorded are £65,046.
- 38 In line with NFI requirements, Council Tax and Electoral Roll data is also submitted annually to help identify potential Single Person Discount (SPD) fraud or error. Council Tax data is also matched to all other NFI data sets to identify further potential SPD fraud or error. For the last three exercises these matches have not been reviewed, due to Revenues & Benefits conducting their own SPD review.
- 39 The National Fraud Initiative is also carried out by DCC on behalf of Durham Constabulary and Durham & Darlington Fire & Rescue.

Fraud Reporting

- 40 Fraud data has continued to be provided in respect of surveys for the CIPFA Counter Fraud Centre.
- 41 The last specific CIPFA Counter Fraud and Corruption Tracker report for DCC was published in February 2018 and was reported to Audit Committee in June 2018. The report compared DCC data with other similar types and tiers. To date, no further report has been published.
- 42 As part of NERIOG, an annual benchmarking document is completed for each member authority, which then shows a regional position. This benchmarking has allowed Durham to benchmark against neighbouring authorities in the region and shows Durham leading the fight against fraud in the North East Region.
- 43 Fraud transparency data has continued to be reported on the website as part of the Local Government Transparency Code 2015.
- 44 DCC is continuing to support the new Fighting Fraud and Corruption Locally Board, to assist with the development of a revised report that is due for publication during 2020.
- 45 The Corporate Fraud Team has continued to benchmark with its Local Performance Indicators as part of the Performance Management Framework of the Service.

- 46 A further review of the Corporate Fraud Team values and our fraud measurement has commenced during April to September 2019, with the plan for this to be concluded by April 2020. It is expected that the revised values will report the breakdown of the actual fraud overpayments, the notional values and preventative savings that the team are achieving. The income of the team will also be reported. These will be calculated showing both what is DCC values and the values for our partnerships. The fraud measurement exercise should give an estimate of the potential fraud within DCC, specific to our fraud risks.

Fraud Training

- 47 A programme for managers is included within the Corporate Training Programme and includes Fraud Awareness. Regular sessions are held to include as many managers as possible to alert them to the risk of fraud in their respective service areas.
- 48 It has been agreed that all members of the Corporate Fraud Team will complete the new Accredited Counter Fraud Specialist qualification, showing the continued commitment within DCC to protect the public purse. Two members of the team are already qualified, with one member of the team finalising their qualification. Five members of the team are already Professional in Security accredited counter fraud specialists.
- 49 DCC is continuing to be involved in the Local Authority Government Counter Fraud Profession Membership Working Group, which is reviewing and developing Local Authority fraud standards and a professional qualification. The plan will be for DCC to be a corporate member and promote individual memberships.
- 50 The Fraud Manager is the regional champion for the ‘Fighting Fraud and Corruption Locally’ board, helping design the new strategy that will be rolled out next March 2020. DCC will provide best practice and case studies to be included within the strategy, to promote the work of the Corporate Fraud Team within the national picture.
- 51 The Fraud Manager has attended numerous conferences and seminars to assist with the team’s continuing professional development.
- 52 Two Corporate Fraud Investigator apprentices started employment in September 2018, one within the Corporate Fraud Team and the other within Internal Audit. Both apprentices are progressing well and have been a success and are assisting with the service delivery.

- 53 The Corporate Fraud Team partnership with ITS Training (UK) Limited, a specialist fraud training provider is continuing. The Corporate Fraud Team has benefitted by receiving free places on training courses and saving costs not having to travel to other venues outside Durham.

Background papers

- None.

Other useful documents

- None.

Contact: Paul Bradley Tel: 03000 269645

Steven Graham Tel: 03000 260776

Appendix 1: Implications

Legal Implications

Governance procedures in place, (particularly the Counter Fraud & Corruption Strategy, Contract Procedure Rules, Financial Procedure Rules, Codes of Conduct and the Confidential Reporting Code), supported by a robust audit programme of counter fraud awareness measures and assurance reviews will assist the Council in complying with anti-corruption law, in particular the Bribery Act, and also serves to reduce the risk of reputation damage and financial loss by litigation.

Finance

Loss to the Council arising from fraudulent actions. The cost of the Corporate Fraud Team is £163,840 and in 2018/19 has recovered or intercepted £1,344,290 of potential fraud. Since the set-up of the Team in June 2015 the team have recovered or intercepted over £5,300,000. Some of the work of the team is also not measured and therefore does not have a value that can be calculated.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

There are no direct implications on climate change as a result of this report, however the Internal Audit Service ensures that it considers climate change and sustainability in the recommendations that are made.

Human Rights

None.

Crime and Disorder

Fraud is a criminal offence.

Staffing

Disciplinary action to be taken against known employees where fraud has been proven.

Accommodation

None.

Risk

The risk of fraud and corruption is recognised as a corporate strategic risk. An effective counter fraud strategy is a key control in helping to mitigate the risk.

Procurement

None.

Corporate Fraud Team Results
April – September 2019

Appendix 2

Fraud Type	Referrals	Referrals	Referrals	Investigations	OUTCOMES			Value (£)
	Total	Accepted	Rejected	Closed	Frauds No.	Prosecutions No.	Sanctions No.	
Blue Badge	24	20	4	8	2		3	6,670.00
Council Tax	24	2	22	9	3			2,284.67
CTRS	76	53	23	82	30	1	2	26,815.44
Data Breach	3	2	1	2	1			N/A
Direct Payments	5	4	1	3	1			6,689.85
Employee	11	11	0	6	1			28,000.00
Funding/Grant	2	2	0	0	0			0
Housing Benefit	1	1	0	0	0			84,594.18
Insurance	12	10	2	8	3			103,324.00
Irregularity	3	0	3	1	0			0
NNDR	19	2	17	1	0			0
Procurement	1	1	0	1	0			0
Right to Buy	147	145	2	85	36			887,170.00
Schools	1	1	0	0	0			0
SPD	77	61	16	68	23			29,906.98
Tenancy	45	40	5	48	12			127,908.00
External	110	0	110	N/A	N/A			N/A
Totals	561	355	206	322	112	1	5	1,303,363.12

Notes:

Employee/Irregularity cases don't always have values – we are only recording financial monetary values at present i.e. theft.

Employee/Irregularity cases also includes non-Corporate Fraud Team cases.

External referrals are cases that are not for the Corporate Fraud Team and referred onto the Police, DWP, HMRC etc.

Value includes a new estimated measure for the preventative amount saved.

Housing Benefit values are calculated separate but are included as part of CTRS fraud investigation numbers.

This page is intentionally left blank

Audit Committee

28 November 2019

**Internal Audit Progress Report Period
Ended 30 September 2019**



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

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To inform Members of the work that has been carried out by Internal Audit during the period 1 April 2019 to 30 September 2019 as part of the 2019/2020 Internal Audit Plan.

Executive Summary

- 2 The report provides Members with the progress that has been made in achieving the Internal Audit Plan for 2019/2020 up to 30 September 2019 and 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 June 2019;
- (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.

Recommendations

4 Members are asked to note:

- (a) The amendments made to the 2019/20 Annual Internal Audit Plan;
- (b) The work undertaken by Internal Audit during the period ending 30 September 2019;
- (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.

Background

- 5 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.
- 6 The Internal Audit Strategy and Annual Internal Audit Plan, covering the period 1 April 2019 to 31 March 2020, was approved by the Audit Committee on 31 May 2019.

Progress against the Internal Audit Plan

- 7 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 2019 and, where applicable, also gives the resultant assurance opinion.
- 8 A summary of the status of audits in 2019/20 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)	9	1	7	0	3
Children and Young People's Services (CYPS) *Excluding Schools	16	5	3	3	11
Regeneration and Local Services (REAL)	24	6	7	3	24
Resources (RES)	24	6	28	4	26
Schools	14	15	6	8	20
Transformation and Partnerships (TAP)	6	0	4	0	0
TOTAL	93	33	55	18	84

- 9 A summary of the final internal audit reports issued in this quarter is presented in Appendix 3.
- 10 The total number of productive Internal Audit days required to deliver the plan is 4,631. As at 30 September 2019, the service had delivered 2,157 productive days, representing nearly 47% of the total plan. The target at the end of the quarter was for 45% to be delivered, therefore performance has exceeded the target.

Internal Audit activity in the quarter

Amendments to the Approved 2019/2020 Internal Audit Plan

- 11 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)	Section 117	Assurance	Agreed with key contact that review be deferred until the Azeuscare System which will support the delivery of social care and health services has been implemented.
Adult and Health Services (AHS)	Support to the DPH - Health Protection	Advice & Consultancy	Agreed with key contact that no additional work to that already undertaken as part of 2018/19 Internal Audit plan is required at this time.
Children and Young People's Services (CYPS)	Adult Learning and Skills Service	Assurance	Review deferred to 2020/21 further to discussion with key contact.

- 12 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)	Alliance Contracting Steering Group	Advice & Consultancy	Internal Audit representative requested to attend Steering Group meetings in an Advice & Consultancy capacity.
Children and Young People's Services (CYPS)	DurhamWorks Grant for Employers	Advice & Consultancy	Request for review further to discussion with key contact.
Regeneration and Local Services (REAL)	Asset Valuation	Assurance	Review added at the request of the Head of Service.
Regeneration and Local Services (REAL)	Local Growth Fund – Station Cycle Links	Grant certification	Added at the request of the Service.
Resources (RES)	Miscellaneous Income Working group	Advice & Consultancy	Service request to provide advice and consultancy to the working group.

Service Grouping	Audit	Audit Type	Reason
Resources (RES)	Cash Management – Meadowfield Depot	Assurance	Specific work identified as part of the overarching review of Cash Management.
Resources (RES)	Cash Management – Proceeds of Crime Act	Assurance	Specific work identified as part of the overarching review of Cash Management.

Outstanding Management Responses to Draft Internal Audit Reports

- 13 There are no responses to draft internal audit reports overdue at the time of writing.

Survey Response Rate

- 14 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 2019.

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Adult and Health Services (AHS)	1	1	100	4.6
Children and Young People's Services (CYPS) *Excluding Schools	3	2	67	4.0
Regeneration and Local Services (REAL)	10	9	90	4.7
Resources (RES)	21	20	95	4.6
Schools	18	10	56	4.4
Transformation and Partnerships (TAP)	0	0	N/A	N/A
TOTAL	53	42	79	4.6

Responses to Internal Audit Findings and Recommendations

- 15 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.

- 16 A summary of progress on the actions due, implemented and overdue, as at 30 September 2019, 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)	64	58	6 (9%)	6	0
Children and Young People's Services (CYPS) [Excluding Schools]	149	147	2 (1%)	2	0
Regeneration and Local Services (REAL)	351	334	17 (5%)	17	0
Resources (RES)	343	334	9 (3%)	9	0
Transformation and Partnerships (TAP)	13	12	1 (8%)	1	0
TOTAL	920	885*	35 (4%)	35	0

* Includes five high priority actions to be confirmed as implemented at follow up.

- 17 It is encouraging to note that, of the 920 actions due to be implemented, 885 (96%) have been implemented.
- 18 Details of the actions that are overdue, following their agreed original target dates, are included at Appendix 6.

Limited Assurance Audit Opinions

- 19 There has been one audit, finalised in this quarter, that has been issued with a 'limited assurance' opinion. This is summarised in the table below.

Service Grouping	Service Area	Audit
Children and Young People's Services (CYPS)	Education Services	One Primary School

- 20 Further detail of the findings from this audit is included within Appendix 7.

Commercial/Company Governance

- 21 The Chief Internal Auditor and Corporate Fraud Manager is required to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 22 The increasing focus on commercialisation has resulted in local authorities setting up companies to sell services to third parties or as vehicles to develop, manage or invest in revenue generating assets.
- 23 Any arrangement involving the Council owning or making a significant investment in a company raises issues of good governance for both the Council directly and in relation to the internal operations of the company.
- 24 Government is also looking more closely at Local Authority governance following calls from the Public Accounts Committee for the government to strengthen audit and governance of the “complex and fast-moving” environment that local authorities find themselves in.
- 25 The Council has a number of roles in relation to its companies and where it has commercial interests, for example as the shareholder (owner) of a company; funder and also commissioner of services. Accordingly, there is a potential tension between the different roles. This can be compounded where the Council also nominates members or senior managers as the directors of companies. Mechanisms for identifying and dealing with potential conflicts need to be in place.
- 26 In order to fulfil the requirement of providing an opinion on the Council’s governance it will be imperative that the appropriate governance for all of the Council’s companies/commercial interests wholly owned or otherwise is kept under constant review, results are reported transparently and regularly and that directors are appropriately appointed and properly trained.
- 27 As part of the Annual Internal Audit Opinion for 2019/2020 a specific commentary will be made on the Council’s company/commercial governance arrangements.

Performance Indicators

- 28 A summary of actual performance, as at the end of September 2019, compared with our agreed targets, is detailed in Appendix 5

Background papers

- Specific Internal Audit reports issued and working papers.
- Public Accounts Committee Paper: Local Government Governance and Accountability – 15 May 2019

Other useful documents

- Previous Committee reports

Contact: Paul Bradley Tel: 03000 269645

Paul Monaghan Tel: 03000 269662

Appendix 1: Implications

Legal Implications

The Accounts and Audit Regulation 2015 (Part 2, Section 5) states a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.

Furthermore, Internal Audit assists the Corporate Director of Resources in fulfilling their duties under Section 151 of the Local Government Act 1972 which requires each Local Authority to make arrangements for the proper administration of their financial affairs.

Finance

There are no direct 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.

Consultation

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

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

There are no direct implications on climate change as a result of this report, however the Internal Audit Service ensures that it considers climate change and sustainability in the recommendations that are made.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

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.

Procurement

None.

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2019

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
2018 / 2019 Internal Audit Plan - Audits Brought Forward					
Adult and Health Services	Commissioning	Section 117	Assurance	Defer to 2020/21	
Adult and Health Services	Commissioning	CHC	Assurance	Not yet started	
Adult and Health Services	Adult Care	Social Care Direct	Advice & Consultancy	Not yet started	
Adult and Health Services	Commissioning	Supplier Masterfile Commissioning - SSID Independent Sector Suppliers (Follow Up)	Assurance	Final Report	N/A
Adult and Health Services	Commissioning	Direct Payments Cards	Advice & Consultancy	In progress	
Adult and Health Services	Commissioning	Development of a Direct Payment Audit Risk Tool	Advice & Consultancy	In progress	
Adult and Health Services	Public Health	Pharmoutcomes - Data Matching	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Education	High Needs	Assurance	Draft Report	
Children and Young People's Services	Locality and Operational Support	Petty Cash Arrangements across CYPS Locality Offices (Follow Up)	Follow Up	Not yet started	
Children and Young People's Services	Education	Adult Learning Services - Apprentices	Advice & Consultancy	Draft Report	
Children and Young People's Services	Locality and Operational Support	Caldicott	Assurance	Final Report	Moderate
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Programme - Claim 04	Grant	Final Report	N/A
Children and Young People's Services	Locality and Operational Support	Section 17 Follow Up	Assurance	Final Report	N/A
Children and Young People's Services	Education - Schools	Safe Recruitment & Selection	Assurance	Planning and Preparation	
Children and Young People's Services	Education - Schools	Award of Additional Pay in Schools	Assurance	Planning and Preparation	
Regeneration and Local Services	Corporate Property and Land	Asset Valuation	Assurance	Final Report	Substantial
Regeneration and Local Services	Corporate Property and Land	Accommodation - Contract Management	Assurance	Not yet started	
Regeneration and Local Services	Corporate Property and Land	Facilities Repairs and Maintenance	Advice and Consultancy	Draft Report	
Regeneration and Local Services	Development and Housing	Safety at Sports Grounds	Assurance	Final Report	Substantial
Regeneration and Local Services	Development and Housing	Financial Assistance Policy and Private Sector Housing	Assurance	Planning and Preparation	
Regeneration and Local Services	Business Durham	Business Durham	Advice and Consultancy	Final Report	N/A
Regeneration and Local Services	Transport & Contract Services	Safer Roads Fund (Road Safety Capital Grant)	Grant	Final Report	N/A
Regeneration and Local Services	Transport & Contract Services	LGF Forest Park	Grant	Final Report	N/A
Regeneration and Local Services	Transport & Contract Services	LGF Bishop Auckland Market Place	Grant	Final Report	N/A
Regeneration and Local Services	Environment	Atlantic Geoparks 1	Grant	In Progress	
Regeneration and Local Services	Environment	Atlantic Geoparks 2	Grant	Not yet started	
Regeneration and Local Services	Environment	Allotments Follow Up	Follow Up	Final Report	N/A
Regeneration and Local Services	Environment	Single Use Plastics	Advice and Consultancy	Draft Report	
Regeneration and Local Services	Environment	Durham Crematorium	Assurance	Final Report	Substantial
Regeneration and Local Services	Environment	Mountsett Crematorium	Assurance	Final Report	Substantial
Regeneration and Local Services	Culture and Sport	Leisure Centre Timesheets	Assurance	Final Report	Limited
Regeneration and Local Services	Culture and Sport	Events Management	Assurance	Planning and Preparation	
Regeneration and Local Services	Culture and Sport	Louisa Centre	Assurance	Final Report	Moderate
Regeneration and Local Services	Culture and Sport	Consett Leisure Centre	Assurance	Final Report	Moderate
Regeneration and Local Services	Culture and Sport	Stanley Bowls	Advice and Consultancy	Final Report	N/A
Resources	Legal & Democratic Services	Coroner	Assurance	Not yet started	
Resources	Legal & Democratic Services	Gifts and Hospitality	Advice and Consultancy	Final Report	N/A
Resources	People and Talent Management	Apprentices	Assurance	In Progress	
Resources	People and Talent Management	Attendance Management Framework	Assurance	In Progress	
Resources	Corporate Finance and Commercial Services	VAT	Key System	In Progress	
Resources	Corporate Finance and Commercial Services	Review of Commercial Services	Assurance	Planning and Preparation	
Resources	Corporate Finance and Commercial Services	Contract Management	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Variations	Assurance	Final Report	Substantial
Resources	Corporate Finance and Commercial Services	Off Contract Spend	Assurance	Draft Report	
Resources	Corporate Finance and Commercial Services	Contract Procedure Rules	Assurance	Final Report	Moderate
Resources	Corporate Finance and Commercial Services	Procurement Cards (Further Follow Up)	Follow Up	Final Report	N/A
Resources	Finance and Transactional Services	Budgetary Control and Financial Reporting	Key System	Not yet started	
Resources	Finance and Transactional Services	Agency System	Assurance	In Progress	
Resources	Finance and Transactional Services	Council Tax	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Council Tax: Valuation - Empty Homes Review	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Council Tax: Recovery	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Business Rates	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Business Rates - Valuation	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Business Rates - Recovery	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Housing Benefits and Council Tax Reduction	Key System	Final Report	Substantial



INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2019

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Resources	Finance and Transactional Services	Housing Benefits: Overpayment Recovery	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Welfare Rights	Assurance	Draft Report	
Resources	Finance and Transactional Services	Creditor Payments	Key System	Final Report	Moderate
Resources	Finance and Transactional Services	Creditors - Supplier Masterfile	Key System	Final Report	Moderate
Resources	Finance and Transactional Services	Creditors - System access	Key System	Final Report	Moderate
Resources	Finance and Transactional Services	Creditors - Oracle Requisition Approver Hierarchy	Advice and Consultancy	Final Report	N/A
Resources	Finance and Transactional Services	Transparency Agenda - Interest on Late payments	Advice and Consultancy	Final Report	N/A
Resources	Finance and Transactional Services	Payroll	Key System	In Progress	
Resources	Finance and Transactional Services	Payroll : Taxation (PAYE)	Key System	Final Report	Moderate
Resources	Finance and Transactional Services	Payroll - Processing	Key System	Final Report	Substantial
Resources	Finance and Transactional Services	Payroll - Mileage Expenses	Key System	In Progress	
Resources	Finance and Transactional Services	Debtors	Key System	In Progress	
Resources	Finance and Transactional Services	Debtors - Customer Masterfile	Key System	In Progress	
Resources	Finance and Transactional Services	Debtors - Standing Charges	Key System	In Progress	
Resources	Finance and Transactional Services	Cash Management	Key System	Planning and Preparation	
Resources	Finance and Transactional Services	FST Debit Card Cash Accounts and Shared Lives (Follow Up)	Follow Up	Final Report	N/A
Resources	Finance and Transactional Services	Financial Deputies (Compliance with OPG Standards)	Assurance	Final Report	Substantial
Resources	Finance and Transactional Services	Financial Assessments	Advice and Consultancy	Draft Report	
Resources	Finance and Transactional Services	Section 256 agreements	Advice and Consultancy	Final Report	N/A
Resources	Finance and Transactional Services	Casper System	Advice and Consultancy	Final Report	N/A
Resources	Digital and Customer Services	Vulnerability Management	Assurance	Planning and Preparation	
Resources	Digital and Customer Services	Unix - Linux Security	Assurance	Planning and Preparation	
Resources	Digital and Customer Services	Oracle Licences	Assurance	Final Report	Moderate
2019 / 2020 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	SSID Replacement - Project Board	Advice & Consultancy	In progress	
Adult and Health Services	Adult Care	SSID Replacement - Workstream / Process Mapping	Advice & Consultancy	In progress	
Adult and Health Services	Commissioning	Personalisation - Delivery of Services via virtual budgets and through traditionally	Assurance	Not yet started	
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	Post Contract Arrangements	Assurance	Not yet started	
Adult and Health Services	Commissioning	Commissioning of Mental Health Services	Assurance	Not yet started	
Adult and Health Services	Commissioning	Commissioning of Residential & Domiciliary Care	Assurance	Not yet started	
Adult and Health Services	Public Health	Support to the DPH - Health Protection	Advice & Consultancy	Cancelled	
Adult and Health Services	Public Health	Stop Smoking Service	Advice & Consultancy	Planning and Preparation	
Adult and Health Services	Public Health	Pharmoutcomes - Data Matching	Advice & Consultancy	In progress	
Adult and Health Services	Public Health	Suicide Early Alert	Advice & Consultancy	Not yet started	
Adult and Health Services	Adult Care	Adult Mental Health Social Work Service	Advice & Consultancy	Complete	N/A
Adult and Health Services	Commissioning	Alliance Contracting Steering Group	Advice & Consultancy	In Progress	
Children and Young People's Services	CYPS	MTFP Arrangements	Assurance	Not yet started	
Children and Young People's Services	CYPS	Liquidlogic - Board Meetings	Advice & Consultancy	In Progress	
Children and Young People's Services	CYPS	Liquidlogic: Phase 1 Implementation - Looked After Process Workflow	Advice & Consultancy	Planning and Preparation	
Children and Young People's Services	CYPS	Liquidlogic: Phase 2 Implementation - SEND	Advice & Consultancy	Not yet started	
Children and Young People's Services	Children's Social Care	Contract Monitoring Arrangements - External Foster Carer Payments	Assurance	Not yet started	
Children and Young People's Services	Children's Social Care	Children's Homes	Assurance	Not yet started	
Children and Young People's Services	Children's Social Care	Supervised Spend - Leaving Care Service	Advice & Consultancy	Not yet started	
Children and Young People's Services	Children's Social Care	First Contact Service - Data Protection Issues	Assurance	Final Report	Moderate
Children and Young People's Services	Children's Social Care	Home to School Transport Arrangements	Assurance	Not yet started	
Children and Young People's Services	Children's Social Care	Special Guardianships and Child Arrangement Orders	Assurance	Not yet started	
Children and Young People's Services	Children's Social Care	Children's Centres and Hubs	Assurance	Not yet started	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Programme - Claim 01	Grant Certification	Final Report	N/A
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Programme - Claim 02	Grant Certification	Final Report	N/A
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Programme - Claim 03	Grant Certification	Not yet started	
Children and Young People's Services	Education	School Attendance Enforcement	Assurance	Not yet started	
Children and Young People's Services	Education	Adult Learning Services	Assurance	Defer to 2020/21	

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2019

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Children and Young People's Services	Education	DurhamWorks	Advice & Consultancy	Not yet started	
Children and Young People's Services	Education - Schools	SFVS	Assurance	Planning and Preparation	
Children and Young People's Services	Education - Schools	Governor Training • Internal Audit Role in Supporting Schools • Schools Financial Value Standard – The Governors Role	Advice & Consultancy	Planning and Preparation	
Children and Young People's Services	Education - Schools	SBM Training	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Education - Schools	Head Teacher Induction to Finance and Budgeting	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Education - Schools	School User Provider Group	Advice & Consultancy	Not yet started	
Children and Young People's Services	Education - Schools	Developing Financial Management Standards in Durham Schools	Advice & Consultancy	In Progress	
Children and Young People's Services	Locality and Operational Support	Caldicott Compliance	Assurance	Not yet started	
Children and Young People's Services	Locality and Operational Support	Caldicott Group	Advice & Consultancy	In Progress	
Children and Young People's Services	Education - Schools	School Programme (governance and financial management)	Assurance	5 Substantial 10 Moderate 3 Limited 2 N/A	
Children and Young People's Services	Education - Schools	School Follow Up of previous Limited Assurance Opinion Reports			
Children and Young People's Services	Education - Schools	Audit of School Voluntary Funds	Fund Certification	26 Complete	
Children and Young People's Services	Education - Schools	DfE Collaborative Fund Grant - Wingate Infants	Grant Certification	Final Report	N/A
Children and Young People's Services	Education - Schools	DfE Collaborative Fund Grant - Durham Teaching School Alliance	Grant Certification	Final Report	N/A
Children and Young People's Services	Education - Schools	DfE Tailored Support Programme Grant	Grant Certification	Not yet started	
Children and Young People's Services	Education - Schools	DfE English Hubs Programme - St Michaels C of E Primary School	Grant Certification	Final Report	N/A
Children and Young People's Services	CYPS	Anonymisation and Pseudonymisation	Advice & Consultancy	Draft Report	
Children and Young People's Services	Education	DurhamWorks Grant for Employers	Advice & Consultancy	Not yet started	
Regeneration and Local Services	Development and Housing / Corporate Land and Property	Capital Programme Management	Assurance	Not yet started	
Regeneration and Local Services	Development and Housing	Housing Solutions	Assurance	Not yet started	
Regeneration and Local Services	Development and Housing	Disabled Facilities Grant	Grant	Final Report	N/A
Regeneration and Local Services	Development and Housing	Bishop Auckland Heritage Action Zone	Grant	Final Report	N/A
Regeneration and Local Services	Business Durham	Stephanie 5	Grant	Final Report	N/A
Regeneration and Local Services	Business Durham	Stephanie 6	Grant	Not yet started	
Regeneration and Local Services	Environment, Health and Consumer Protection	Online Licence Applications	Assurance	Planning and Preparation	
Regeneration and Local Services	Environment, Health and Consumer Protection	Fair Trading - Consumer Complaints	Assurance	In Progress	
Regeneration and Local Services	Environment, Health and Consumer Protection	Fees and Charges	Advice and Consultancy	Not yet started	
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
Regeneration and Local Services	Transport and Contract Services	Road Safety Capital Grant	Grant	Not yet started	
Regeneration and Local Services	Transport and Contract Services	Park and Ride	Assurance	In Progress	
Regeneration and Local Services	Transport and Contract Services	Concessionary Fares	Assurance	Planning and Preparation	
Regeneration and Local Services	Environment	Carbon Reduction Commitment	Grant	Final Report	N/A
Regeneration and Local Services	Environment	Utility Bills - Contract Management	Assurance	Not yet started	
Regeneration and Local Services	Environment	LoCarbo 6	Grant	Not yet started	
Regeneration and Local Services	Environment	Rebus 6	Grant	Final Report	N/A
Regeneration and Local Services	Environment	Atlantic Geoparks 3	Grant	Not yet started	
Regeneration and Local Services	Environment	Carbon Connects 2	Grant	Final Report	N/A
Regeneration and Local Services	Environment	Carbon Connects 3	Grant	Not yet started	
Regeneration and Local Services	Environment	SMEPower	Grant	Planning and Preparation	
Regeneration and Local Services	Environment	Public Health Funerals	Assurance	Draft Report	
Regeneration and Local Services	Environment	Durham Crematorium	Assurance	Not yet started	
Regeneration and Local Services	Environment	Mountsett Crematorium	Assurance	Not yet started	
Regeneration and Local Services	Environment	Neighbourhood Wardens - Enforcement and Education	Assurance	Not yet started	
Regeneration and Local Services	Environment	Driver Checks	Assurance	Final Report	Moderate
Regeneration and Local Services	Environment	Fuel Stocks and Stores	Assurance	Not yet started	
Regeneration and Local Services	Culture and Sport	Rolling Programme of Leisure Centres - Abbey	Assurance	In Progress	
Regeneration and Local Services	Culture and Sport	Rolling Programme of Leisure Centres - Meadowfield	Assurance	Planning and Preparation	
Regeneration and Local Services	Culture and Sport	Rolling Programme of Leisure Centres - Riverside	Assurance	In Progress	
Regeneration and Local Services	Culture and Sport	Compliance with new Leisure Centre procedures on holidays and TOIL	Assurance	Not yet started	
Regeneration and Local Services	Culture and Sport	New system for 'Learn to Swim'	Advice and Consultancy	Not yet started	
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 and Consultancy	Not yet started	

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2019

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Regeneration and Local Services	Technical Services	CDM Compliance - Review of Self Assessment	Assurance	Not yet started	
Regeneration and Local Services	Technical Services	Charging Arrangements	Advice and Consultancy	Not yet started	
Regeneration and Local Services	Technical Services	Local Highways Maintenance Funding - Incentive Element	Grant	Not yet started	
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	
Regeneration and Local Services	Technical Services	Highways Capital Maintenance Programme	Advice and Consultancy	In Progress	
Regeneration and Local Services	Culture and Sport	Leisure Centre Timesheets	Follow Up	Not yet started	
Regeneration and Local Services	Corporate Property and Land	Asset Valuation	Assurance	Not yet started	
Regeneration and Local Services	Transport and Contract Services	Local Growth Fund - Station Cycle Links	Grant	Final Report	N/A
Resources	Legal & Democratic Services	Members Expenses	Assurance	In Progress	
Resources	Legal & Democratic Services	RIPA Officers Group	Advice and Consultancy	In Progress	
Resources	Legal & Democratic Services	Scheme of Delegation	Assurance	Not yet started	
Resources	Legal & Democratic Services	Tender Opening Arrangements	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Capital Accounting	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Property Investment Fund	Advice and Consultancy	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	Electrical Components Contract	Assurance	Planning and Preparation	
Resources	Corporate Finance and Commercial Services	Oracle Programme Board	Advice and Consultancy	In Progress	
Resources	People and Talent Management	Disciplinary Policy	Assurance	Not yet started	
Resources	Finance and Transactional Services	Service Level Agreements Board (SLAB)	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Service Level Agreements Board (SLAB) - Tendering Workstream	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Section 256 Agreements	Advice and Consultancy	Not yet started	
Resources	Finance and Transactional Services	Creditors	Key System	In Progress	
Resources	Finance and Transactional Services	Creditors - Supplier Masterfile	Key System	Not yet started	
Resources	Finance and Transactional Services	Creditors - National Fraud Initiative	Key System	In Progress	
Resources	Finance and Transactional Services	Creditors - Invoice and PO authorisation	Key System	In Progress	
Resources	Finance and Transactional Services	Creditors - Receipting of Goods	Key System	Not yet started	
Resources	Finance and Transactional Services	Procurement Cards	Assurance	Not yet started	
Resources	Finance and Transactional Services	Work Stream on Petty Cash and Payment Cards	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	P2P Performance and Improvement Project	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Better Care Fund and Improved Better Care Fund (Section 75)	Assurance	Not yet started	
Resources	Finance and Transactional Services	Payroll	Key System	Not yet started	
Resources	Finance and Transactional Services	Payroll - Access to Data and Records	Key System	Not yet started	
Resources	Finance and Transactional Services	Payroll - Preparation and Corrections	Key System	Not yet started	
Resources	Finance and Transactional Services	Payroll - System Implementation	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Cash Management	Key System	Not yet started	
Resources	Finance and Transactional Services	Debtors	Key System	Not yet started	
Resources	Finance and Transactional Services	Debtors Working Group	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Financial Deputies	Assurance	Not yet started	
Resources	Finance and Transactional Services	Deputies and Appointees - Working Group	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Deputies and Appointees - Personal Allowance Payments	Assurance	Not yet started	
Resources	Digital and Customer Services	Change Management	Assurance	Not yet started	
Resources	Digital and Customer Services	Incident Management	Assurance	Draft Report	
Resources	Digital and Customer Services	Office 365	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	IT Governance	Assurance	In Progress	
Resources	Digital and Customer Services	ICT Purchasing	Assurance	Planning and Preparation	
Resources	Digital and Customer Services	Process Reviews	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	Digital Durham	Grant	Not yet started	
Resources	Finance and Transactional Services	Miscellaneous Income Working group	Advice and Consultancy	In Progress	
Resources	Legal & Democratic Services	Beamish Museum – Review of internal control procedures (2)	Advice and Consultancy	Final Report	N/A
Resources	Finance and Transactional Services	Cash Management - Meadowfield Depot	Key System	In Progress	
Resources	Finance and Transactional Services	Cash Management - Proceeds of Crime Act	Key System	In Progress	
Transformation and Partnerships	Communications and Marketing	Policy on Advertising and Sponsorship	Advice and Consultancy	Not yet started	
Transformation and Partnerships	Communications and Marketing	Social Media Strategy	Advice and Consultancy	Not yet started	
Transformation and Partnerships	Strategy	Data Quality - System Process Review	Assurance	Not yet started	
Transformation and Partnerships	Partnerships and Community Engagement	Community Grants Sample	Assurance	Not yet started	

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2019

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Transformation and Partnerships	Partnerships and Community Engagement	Community Grants - Monitoring Arrangements	Advice and Consultancy	In Progress	
Transformation and Partnerships	Transformation	Transformation	Advice and Consultancy	In Progress	
Transformation and Partnerships	Transformation	Business Support Process Reviews	Advice and Consultancy	In Progress	
Transformation and Partnerships	Transformation	GDPR compliance	Assurance	Not yet started	
Transformation and Partnerships	Transformation	Freedom of Information (FOI)	Assurance	Not yet started	
Transformation and Partnerships	Transformation	Information Governance Group	Advice and Consultancy	In Progress	

FINAL REPORTS ISSUED IN PERIOD ENDING 30 SEPTEMBER 2019

AUDIT AREA	BRIEF DESCRIPTION OF SCOPE OF THE AUDIT	FINAL OPINION
ADULT AND HEALTH SERVICES (AHS)		
Supplier Masterfile Commissioning - SSID Independent Sector Suppliers (Follow Up)	A review of recommendations raised in the report issued in July 2016 to confirm whether they had been implemented as intended.	N/A
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)		
First Contact Service – Data Protection	An assurance review that considered the following risk: • Non-compliance with Data Protection Act 2018.	Moderate
Troubled Families Programme – Claim 02 2019/20	Verification of grant claim	N/A
REGENERATION AND LOCAL SERVICES (ReaL)		
Driver Checks	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none">- Drivers do not hold the necessary licences;- Drivers do not possess the required competency to operate assigned category of vehicles;- Drivers are unaware of their responsibilities whilst operating vehicles;- Drivers have medical conditions which adversely affect their fitness to drive.	Moderate
Business Durham – County Durham Growth Fund	Advice and consultancy review of the processes and controls in place around the funding conditions.	N/A
Disabled Facilities Grant	Grant certification	N/A
Carbon Reduction Commitment	Grant certification	N/A
Stephanie 5 (Space technology with photonics for market and societal challenges)	Grant certification	N/A
Carbon Connects 2	Grant certification	N/A

REGENERATION AND LOCAL SERVICES (ReaL) Contd.

Local Growth Fund – Station Cycle Links	Grant certification	N/A
Local Transport Capital Block Funding for NECA	Grant certification	N/A
Bishop Auckland Heritage Action Zone	Grant certification	N/A
Local Transport Capital Block Funding	Grant certification	N/A
Bus Subsidy Ring Fenced Grant	Grant certification	N/A

RESOURCES

Payroll - Processing	Assurance review of the arrangements in place to mitigate against the risk of employees being paid incorrectly or late.	Substantial
Council Tax	Overarching assurance review combining the outcomes from individual Council Tax reviews carried out through the year.	Substantial
Business Rates	Overarching assurance review combining the outcomes from individual Business Rates reviews carried out through the year.	Substantial
Housing Benefits and Council Tax Reduction	Overarching assurance review combining the outcomes from individual Housing Benefits reviews carried out through the year.	Substantial
Contract Variations	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - EU and the basic procurement principles are not achieved, e.g. VFM, integrity, transparency, fairness, sustainability and supporting Council priorities; - Procedures and processes delay procurement leading to officers seeking variations. 	Substantial
Deputy and Appointee Team – Compliance with Office of Public Guardianship Standards	Assurance review of the arrangements in place to mitigate against the risk of non-compliance with OPG standard 3 which is to maintain effective internal office processes and organisation.	Substantial
Payroll – Taxation (PAYE)	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - incorrect payment of Income Tax and NIC to HMRC; - late payment of Income Tax and NIC to HMRC; - inadequate information produced regarding tax/NI deductions. 	Moderate

RESOURCES (Contd.)

Pension Fund – ICT Controls, Data Quality and Performance	<p>Assurance review of the arrangements in place to mitigate against the risks of:</p> <ul style="list-style-type: none"> - Data is accessed inappropriately as access to system/data is not secure and is not managed appropriately; - Data is lost or stolen; - Systems and data are unavailable; - Unable to provide service in the event of a disruption; - Unable to recover business processes and procedures within required time; - The business continuity process is ineffective; - Data is found not to be held or processed in accordance with GDPR; - Users do not use the system effectively or efficiently; - Data is invalid or inaccurate; - Communications do not reach the intended audience; - Communications are confusing and inaccurate; - Processes, actions, communications are not completed in timely manner. 	Moderate
Contract Procedure Rules	Assurance review of the arrangements in place to mitigate against the risk of not achieving or being seen to achieve value for money, transparency, equal treatment or compliance with legislation.	Moderate
Creditor Payments	Overarching assurance review combining the outcomes from individual Creditor Payment reviews carried out through the year.	Moderate
Creditors – Oracle Requisition Approver Hierarchy	Advice and consultancy review to identify differences between the approval hierarchy and cost centre / budget management responsibilities.	N/A
CASPAR System	Advice and consultancy review of the supporting documentation provided by the system.	N/A

Progress on the Implementation of Audit Recommendations

Appendix 4

		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)						
2017/18						
High	10	10	10	0	0	0
Medium	19	19	19	0	0	0
Total	29	29	29	0	0	0
2018/19						
High	1	0	0	1	1	0
Medium	33	28	28	5	5	0
Total	34	28	28	6	6	0
2019/20						
High	0	0	0	0	0	0
Medium	1	1	1	0	0	0
Total	1	1	1	0	0	0
Overall Total	64	58	58	6	6	0
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPs)						
2017/18						
High	2	2	2	0	0	0
Medium	63	61	61	2	2	0
Total	65	63	63	2	2	0
2018/19						
High	1	1	0	0	0	0
Medium	71	71	71	0	0	0
Total	72	72	72	0	0	0
2019/20						
High	0	0	0	0	0	0
Medium	12	12	12	0	0	0
Total	12	12	12	0	0	0
Overall Total	149	147	147	2	2	0
REGENERATION AND LOCAL SERVICES (REAL)						
2016/17						
High	9	9	9	0	0	0
Medium	193	192	192	1	1	0
Total	202	201	201	1	1	0
2017/18						
High	3	3	3	0	0	0
Medium	56	53	53	3	3	0
Total	59	56	56	3	3	0
2018/19						
High	0	0	0	0	0	0
Medium	67	61	61	6	6	0
Total	67	61	61	6	6	0
2019/20						
High	2	2	2	0	0	0
Medium	21	14	14	7	7	0
Total	23	16	16	7	7	0
Overall Total	351	334	334	17	17	0
RESOURCES (RES)						
2016/17						
High	10	10	10	0	0	0
Medium	104	103	103	1	1	0
Total	114	113	113	1	1	0
2017/18						
High	11	11	11	0	0	0
Medium	123	122	122	1	1	0
Total	134	133	133	1	1	0
2018/19						
High	2	2	2	0	0	0
Medium	74	67	67	7	7	0
Total	76	69	69	7	7	0
2019/20						
High	0	0	0	0	0	0
Medium	19	19	19	0	0	0
Total	19	19	19	0	0	0
Overall Total	343	334	334	9	9	0
TRANSFORMATION AND PARTNERSHIPS (TAP)						
2017/18						
High	0	0	0	0	0	0
Medium	8	7	7	1	1	0
Total	8	7	7	1	1	0
2018/19						
High	0	0	0	0	0	0
Medium	5	5	5	0	0	0
Total	5	5	5	0	0	0
2019/20						
High	0	0	0	0	0	0
Medium	0	0	0	0	0	0
Total	0	0	0	0	0	0
Overall Total	13	12	12	1	1	0
TOTAL COUNCIL						
2015/16						
High	0	0	0	0	0	0
Medium	0	0	0	0	0	0
Total	0	0	0	0	0	0
2016/17						
High	19	19	19	0	0	0
Medium	297	295	295	2	2	0
Total	316	314	314	2	2	0
2017/18						
High	26	26	26	0	0	0
Medium	269	262	262	7	7	0
Total	295	288	288	7	7	0
2018/19						
High	4	3	3	1	1	0
Medium	250	232	232	18	18	0
Total	254	235	235	19	19	0
2019/20						
High	2	2	2	0	0	0
Medium	53	46	46	7	7	0
Total	55	48	48	7	7	0
OVERALL TOTAL	920	885	885	35	35	0

Performance Indicators as at 30 September 2019

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)	47% at 30 September 2019
Timeliness of Draft Reports	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview	90% (Quarterly)	83% (54 out of 65)
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response	95% (Quarterly)	100% (58 out of 58)
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 of 4.6
Customers providing feedback Response	% of customers returning satisfaction returns	70% (Quarterly)	79%
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.

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank