



Audit Committee

Date Thursday 26 November 2020
Time 9.30 am
Venue Remote Meeting - This meeting is being held remotely via Microsoft Teams

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 25 September 2020 (Pages 5 - 12)
3. Declarations of interest
4. Opportunity for Committee to meet Amy Harhoff the Council's recently appointed Corporate Director, Regeneration, Economy & Growth
5. Quarter 2 2020/21 Health, Safety and Wellbeing Performance Report - Report of the Occupational Health and Safety Manager (Pages 13 - 30)
6. External Audit Progress Report - Durham County Council - Report of the External Auditor (Pages 31 - 38)
7. Local Code of Corporate Governance - Report of the Corporate Director of Resources (Pages 39 - 76)
8. Strategic Risk Management Progress Report for 2020/21 - Review 2: 1 June - 30 September 2020 - Report of the Corporate Director of Resources (Pages 77 - 94)
9. Protecting the Public Purse - Update Activity Report as at 30 September 2020 - Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 95 - 114)

10. Internal Audit Progress Report Period Ending 30 September 2020
- Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 115 - 132)
11. Six-Month Internal Audit Plan: 01 October 2020 to 31 March 2021
- Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 133 - 142)
12. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration
13. 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)

14. Protecting the Public Purse - Update Activity Report as at 30 September 2020 - Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 143 - 148)
15. Internal Audit Progress Report Period Ending 30 September 2020
- Report of Chief Internal Auditor and Corporate Fraud Manger (Pages 149 - 176)
16. 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
18 November 2020

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

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DURHAM COUNTY COUNCIL

At a **Remote Meeting** of **Audit Committee** on **Friday 25 September 2020** at **9.30 am**

Present:

Councillor E Bell (Chair)

Members of the Committee:

Councillors J Rowlandson (Vice-Chair), B Kellett, J Nicholson, J Robinson and O Temple

Co-opted Members:

Mr C Robinson and Mr I Rudd

1 Apologies

Apologies for absence were received from Councillors C Carr and J Shuttleworth.

2 Minutes

The minutes of the meeting held on 29 June 2020 were agreed as a correct record to be signed by the Chair.

Matters Arising:

With regards to minute no. 4, paragraph 5, the Head of Finance and Transactional Services confirmed that the current in year recovery rate was 51.6% compared to 53.52% last year at the same period. This was based on the position to week ending 13 September. As expected, a deficit on the collection fund was materialising and it was widening as the council moved deeper into the year. The level of arrears at the year end would be higher than in previous years and whether the council tax was subsequently recovered in the next financial year would need to be carefully considered at the end of the year when the collection fund was finalised in terms of provision for non-payment.

3 Declarations of interest

There were no declarations of interest.

4 2019/2020 Annual Health, Safety and Wellbeing Performance Report

The Committee received an annual report of the Occupational Health and Safety Manager, which provided health, safety and wellbeing (HSW) performance for 2019/20.

Councillor Kellet referred to the data from the Employee Assistance Programme (EAP) activity and the increase in calls to the service, he asked whether there was any information on why 75.1% of the calls were from female members of staff. The Occupational Health and Safety Manager confirmed that females were more likely to seek help than males and combined with the workforce being predominantly female. There had been some targeted work to raise awareness but there was more work to do, however national figures confirmed that males were less likely to seek support due to associated stigma.

Resolved:

That the report be noted

5 Quarter 1 2020/2021 Health, Safety and Wellbeing Performance Report

The Committee considered a report of the Occupational Health and Safety Manager which provided an update on the Council's Health, Safety and Wellbeing (HSW) performance for Quarter one 2020/21 (for copy see file of minutes).

The Occupational Health and Safety Manager confirmed that the data covered was from a period which had been impacted by Covid 19.

C Robinson, independent member, referred to the recent lockdown measures across the region which were supported by the Local Authority and asked whether there was anything that could be done to support lifting the restrictions. The Occupational Health and Safety Manager confirmed that the arrangements were discussed regularly by Director of Public Health, CMT and Central Government, with consideration given to transmission and infection rates to determine the best course of action.

Councillor Robinson referred to a web link that Members were sent regularly in order to access up to date information and suggested that he be given access to this information.

Resolved:

That the report be agreed.

6 2019/2020 Final Outturn for the General Fund and Collection Fund

The Committee received a report of the Corporate Director of Resources (for copy see file of minutes) which had been agreed by Cabinet in July 2020 and provided information with regards to;

- (a) final revenue and capital outturn for the General Fund for 2019/20;
- (b) final outturn for the Council's Council Tax and Business Rates Collection Fund for 2019/20;
- (c) use of and contributions to earmarked, cash limit and general reserves in year and the closing position regarding balances held at 31 March 2020.

Councillor J Robinson left the meeting at this point and did not return.

Councillor Temple referred to the number of schools with a deficit balance and was concerned that the number of schools in deficit had stayed the same as the previous year, and the deficit had risen by over £1.5m. He referred to the four schools with longstanding difficulties that were receiving additional support and queried whether those schools had reduced deficits or whether they had continued to rise.

The Finance and Transactional Services Manager confirmed that at least two of those schools had increased their deficits and one had reduced it. Of the four schools referred to, two had plans to academise this year and it was expected therefore that the deficit at the end of the financial year would be addressed. The other two would remain and continue to be supported going forward.

Mr I Rudd referred to the term 'cash limits reserves' which was a term used frequently throughout the report and asked for some further information. The Head of Finance and Transactional Services explained that it was not a statutory requirement to have cash limit reserves but it was not unique to Durham. He explained that this encouraged individual service groupings to manage their individual budgets over more than one financial year. Any underspend would be retained and held in an earmarked reserve for the services to use in future years, for example to meet one off costs that were unbudgeted and in addition it avoided services spending towards the end of the financial year for fear that their budgets would be reduced the following year if they were not seen to have spent it all. It promoted services to be self-sufficient and manage their own resources across the medium term.

Resolved:

That the report be noted.

7 Treasury Management Outturn 2019/2020

The Committee considered a report of the Corporate Director of Resources which provided information on the treasury management outturn position for 2019/20 (for copy see file of minutes).

Mr Rudd referred to the Council receiving 1.05% return on investments and paying out 3.42% on debt. He appreciated the amount of investments varied according to the year but asked if the Council did their best to minimise the difference between investment cost and the cost of borrowing.

The Head of Finance and Transactional Services confirmed that this is something that is regularly reviewed. It was not a simple equation of paying off loans at a higher rate of interest and taking out lower rated loans or having less investments to produce a budget positive position, as the Council would incur premiums or early redemption charges if it sought to repay loans early. The premiums that applied to redeem loans early were based on the difference between the loan you were looking to repay and the interest rates at the current time so that authorities could not take out low interest rate loans to pay off high interest rate loans.

Councillor Kellett asked for information on which local authorities the Council had invested in and the Finance Manager explained that other Local Authorities could approach the Council through brokers when short of cash and better rates of interest were being achieved through lending money on a short term basis to other local authorities than from investments in banks and building societies. She confirmed that she would share the identity of the individual authorities with him following the meeting.

Resolved:

That the report be noted.

8 Audit Completion Report 2019/2020

The Committee received an Audit Completion Report for the year ending 31 March 2020 which provided a summary of all audit conclusions (for copy see file of minutes).

M Kirkham, Engagement Partner, Mazars confirmed that despite the pandemic and having to work remotely, the Finance Team had worked extremely well in supporting the audit and responding to queries. There had been no relaxation of auditing standards and they had ensured that the appropriate evidence had been received to conclude the audit.

Councillor Temple asked for confirmation that despite flagging this up before, the auditors were still awaiting direct confirmation from a financial institution for one of the Councils investments. He was concerned that the Council were investing with an institution that did not provide a paper trail. J Collins, Senior Manager, Mazars, confirmed that a request was made in April to National Savings & Investments and subsequently followed up. The

explanation given for the delay was due to the Covid 19 pandemic and whilst the Council had provided sufficient evidence, direct confirmation was required in order to complete the audit.

Councillor Temple confirmed that this was unsatisfactory and queried whether anything could be done to assist. The Senior Manager confirmed that both the Council and Mazars would continue to pressurise NS&I for the required information.

In response to a query with regards to a more specific timeline on the recommendation regarding IT security on the use of shared privileged accounts, the Head of Finance and Transactional Services confirmed that he had a meeting the following week to address the concerns raised and reassured the Committee that he would act on the recommendation as soon as possible.

The Head of Finance and Transactional Services confirmed that despite the challenges faced this year and the outstanding issue regarding the NS&I verification, the Council were in a position that not many other Councils had the benefit of, and he thanked Mazars on behalf of himself, the Head of Corporate Finance & Commercial Services and the Corporate Director of Resources.

Resolved:

That the report be noted.

9 Audit Strategy Memorandum for the Pension Fund

The Committee received a report of the External Auditor which provided the Audit Strategy Memorandum with regards to the Durham County Council Pension Fund, for the year ending 31 March 2020 (for copy see file of minutes).

The Committee were advised that this report would normally be received earlier in the year, however as a consequence of the pandemic an additional layer of risk had been applied and considered.

Members agreed to move to the next item, which was the completion report.

Resolved:

That the report be noted.

10 Audit Completion Report 2019/2020 - Pension Fund

The Committee received a report of the External Auditor which provided the Audit Completion Report with regards to the Pension Fund for the year ending 31 March 2020 (for copy see file of minutes).

Resolved:

That the report be noted.

11 Annual Governance Statement for the year April 2019 to March 2020

The Committee considered a report of the Corporate Director of Resources which sought approval of the Annual Governance Statement (AGS) for 2019/20.

C Robinson referred to actions that were carried forward from previous years and asked whether they would be completed in 20/21. The Corporate Risk & Governance Manager advised that although some of the targets were ongoing, they were monitored regularly and would be picked up in January 2021 when the corporate governance review began. The actions were determined by the services themselves and although some long term issues were carried forward it did not mean they were not being progressed. He agreed to update the Committee early in 2021.

I Rudd complemented the report as changes to the draft report had been highlighted and he suggested that all future reports be formatted in this way.

Resolved:

That the report be approved.

12 Statement of Accounts for the year ended 31 March 2020

The Committee considered a report of the Corporate Director of Resources which sought the approval of the council's statement of accounts for the financial year ended 31 March 2020 (for copy see file of minutes).

The Finance Manager presented the report and advised the Committee that since the Agenda had been published there had been some minor changes made to the supporting notes in the statement. The Table on exit packages on page 332 had been amended to reflect the correct figures and on page 366 the incorrect council tax year had been amended, a paragraph contained in note 17 had been amended to remove duplication and figures revised to ensure they reflected the table in the pack.

Councillor Temple reiterated the comments from I Rudd with regards to amendments in reports – it was much easier for the Committee to read highlighted changes and the Finance Manager confirmed that it could be difficult to highlight all of the changes, but material changes were highlighted in section 4 of the audit completion report.

Councillor Temple confirmed that although the Finance Manager was very diligent in presenting the changes, it was difficult to refer to the pages and it would be appreciated if material changes could be highlighted in future.

Resolved:

That the statement of accounts for the council, including the pension fund financial statements, for the financial year ended 31 March 2020 be approved.

13 Strategic Risk Management - Progress Report for 2020/21

The Committee considered a report of the Corporate Director of Resources, which highlight the strategic risks facing the Council and to give an insight into the work carried out by the Corporate Risk Management Group between January and May 2020 (for copy see file of minutes).

The Risk Insurance and Governance Manager explained that there was a lag in the data as the report would usually have been considered in July.

Resolved:

That the report be noted.

14 Internal Audit Progress Report Quarter Ended 30 June 2020

The Committee considered a report of the Interim Chief Internal Auditor and Corporate Fraud Manager, which provided details of the work that had been carried out by Internal Audit during the period 1 April 2020 to 30 June 2020 as part of the six- month Internal Audit Plan to September 2020 (for copy see file of minutes).

Resolved:

That the report be noted.

15 Independent Review of Local Authority Financial Reporting and Audit

The Committee considered a report of the Corporate Director of Resources which provided information on the outcome of the Redmond Review (the Review) into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting (for copy see file of minutes).

Councillor Rowlandson suggested that a lot of the report didn't apply to this Council; they were not included in the 40% that did not get their audits in on time and a lot of the recommendations were already in place and this suggested Durham was doing well.

I Rudd asked whether the recommendation would affect the internal audit function and whether internal audit got involved in year end checking of accounts. The Finance Manager explained the recommendation was to encourage external and internal auditors to work more closely and confirmed that there could be some duplication of work which could be avoided in future. The Interim Chief Internal Auditor and Corporate Fraud Manager confirmed that the internal control work was done throughout the year and focused around core financial systems rather than the year end checking of accounts. The findings from this work could potentially be used, however, as a further source of assurance by external auditors.

Resolved:

That the report be noted.

16 Exclusion of the public

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1,2,3 and 5 of Schedule 12A of the Act.

17 Internal Audit Progress Report Quarter Ended 30 June 2020

The Committee considered a report of the Chief Internal Auditor and Corporate Fraud Manager which provided the Audit Progress Report Quarter Ended 30 June 2020.

Resolved:

That the report be noted.

Audit Committee

26 November 2020

**Quarter 2 2020/21 Health, Safety
and Wellbeing Performance
Report****Report of Corporate Management Team**

Report of Kevin Lough, Occupational Health and Safety Manager.

Electoral division(s) affected:

1. Countywide.

Purpose of the Report

2. To provide an update to the Audit Committee on the council's Health, Safety and Wellbeing (HSW) performance for Quarter two 2020/21.

Executive summary

3. Health and Safety (H&S) and Occupational Health Service (OHS) provision during Quarter two has again been significantly impacted upon due to COVID 19. Both service areas have been focused on providing COVID 19 specific support, employee testing and compliance related advice. OHS received in excess of 1,000 employees contacts during the quarter in relation to COVID advice and support.
4. Occupational Health services have continued to lead on the provision of employee related COVID clinical advice and testing. This service includes initial triage services to ensure that the County Durham and Darlington Foundation Trust (CDDFT) testing process remains as effective and efficient as possible. At the end of Quarter two and since internal testing processes via OHS were established in April 2020, in excess of 600 employees have requested testing and following initial screening, in excess of 400 of these were advised to take a test via CDDFT. Approximately 10% of these tests returned a positive result.
5. Members of the H&S team continue to provide technical advice and guidance in relation to COVID compliance, which includes the provision and specification of PPE across the council. During this period there were several changes to COVID related guidance via central government which required new technical guidance and advice to be provided and risk assessments amended for work activities.
6. Once again and reflective of Quarter one, there were significant challenges from a schools perspective in terms of risk assessments being updated following guidance changes and preparing for the new term. Challenges also remained regarding applying risk assessments to localised premise layouts and workforce scenarios and making them compliant and implementable.

The H&S team supported schools on many individual situations to ensure solutions and compliant working practices were achieved.

7. Emphasis was again been placed during quarter two on employee mental health and wellbeing, with the prospect of some phased introduction of employees back into some workplaces. Several surveys were prepared and undertaken to establish the organisational demands and expectations regarding returning to workplaces and what an extended period of homeworking would present in terms of challenges and opportunities. Employee access to the employee assistance provider increased in quarter two with 165 contacts in total compared to 85 in the previous quarter.
8. Accident statistics are again overall lower than previous quarters pre COVID. That said, RIDDOR reportable accidents have remained similar to previous quarters and are reflective of front line services and work related activities continuing through the pandemic. It is worthy to note that work related psychological ill health reports have decreased significantly during the first quarters of 2020/21 with 45 in total compared to 183 in 2019/20 in total.
9. From a business as usual perspective there were three fire related incidents during Quarter two which were effectively dealt with by employees who had received appropriate extinguisher training. There were also accidents which have attracted further queries from HSE inspectors based on their severity and being reportable under RIDDOR.
10. During Quarter two, there were extensive social media activities in relation to open water safety and targeted and 10-16 year olds during periods of warm weather. These campaigns were created to replace some of the previous work undertaken directly within schools to educate young people but could not be delivered this year in the same manner due to COVID restrictions.

Recommendation(s)

11. That Audit Committee note and agree the contents of this report.

205

Accidents, incidents and near misses reported
(94 in Q1 2020/2021
404 in Q4 2019/20
418 in Q3 2019/20)



96%

Of all reported accidents are either no injury or near miss



Main Accident/Incident Causes



1 RIDDOR 'specified' injury, and 9 over 7 days absence RIDDOR injuries

422 employees screened for COVID testing



165 Tests provided



• Better Health at Work Continuing Excellence Award submitted



15 psychological work related incidents in Q2 2020/21 (compared to 30 in Q1 2020/21, 52 in Q4 2019/20, 59 in Q3 2019/20)

3 fire related incidents



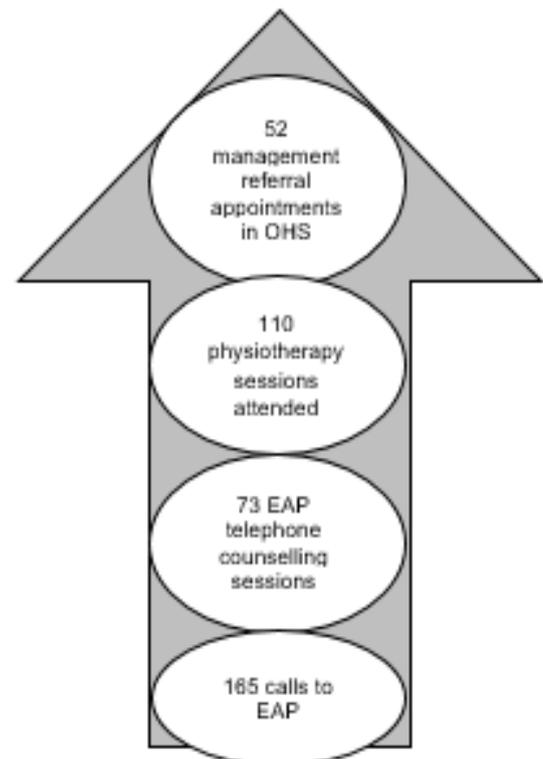
0 CDDFRS inspections of council premises



1 Joint H&S/TU Safety Rep inspections

0

Enforcement related actions or advice from HSE/CDDFRS following inspections and audit activity



COVID 19 H&S Update

12. As anticipated the demands on the H&S and OHS services during Quarter two remain significant. Changes to COVID related guidance and regulations resulted in new technical advice and support being provided and ensuring work activities were undertaken as safely as possible with transmission related risks controlled effectively.
13. The OHS service continued to lead on the process of employee testing and worked in partnership with CDDFT to provide this service. During the Quarter, the OHS experienced a plateau of testing requests and positive cases which remained relatively low. Results from CDDFT testing laboratories were also being returned within 48 hours in most cases.
14. A significant number of queries, in excess of 1,000, were received in OHS during the quarter, with clinical advice and guidance being provided, particularly relating to shielding, vulnerable persons and isolation criteria. In excess of 400 employees contacted the OHS with queries regarding undergoing a COVID test, with 165 of these being referred to CDDFT for a test.
15. The H&S team continued to work proactively to ensure that service groupings were provided with updated advice and risk assessments following changes to COVID related guidance. Extensive work was undertaken to ensure that revised risk assessments were in place ready for the new Autumn term starting and schools fully reopening following the initial national lockdown in Quarter one.
16. Additional work continued to be undertaken to support employees who were continuing to work from home. This included further communications regarding setting up home workstations for computer use and how to access equipment such as chairs, desks and ICT related equipment. Further promotions of mental health related interventions and support services were also issued to enable employees to understand how they can maintain good mental health and also find additional support.
17. Initial preparatory work was also undertaken during the quarter to understand the scope and scale of which employees who had an eligible requirement to return to an office workplace rather than work from home. Heads of service were issued with the questionnaire and outcomes were analysed, with plans to assess and review individual requests and cases to ensure that the appropriate support and interventions were in place, including the option of returning to a workplace and balancing the COVID related transmission risks.

Fire Incidents

18. There were three fire related incidents at Council premises or staffed premises during Quarter two. These were at a Children's Residential Home and in a vehicle at Meadowfield Depot.

33 Newton Drive Framwellgate Moor Residential Children's Home

19. It was reported that 14:00 hrs on 21 August 2020 and 21:50 hrs on 25 September 2020 two fires were started in the rear garden of Newton Drive, a four bed children's unit in Framwellgate Moor. The first incident was that two young people from the premises used paper towels from the kitchen along with twigs and other combustible materials that they had found in the garden to ignite, they then put a deodorant can on the fire which exploded as a residential worker approached the fire to extinguish it, fortunately no injuries were sustained. The second incident involved a young person who set fire to some clothes that he removed from a washing line and ignited them under the ground floor window of the bedroom that is located around the side of the building. Staff extinguished this small fire with the use of portable fire extinguishers.
20. It has been established that there is a minimum of two staff on duty at any one time. The premises are supplied with portable fire extinguishers that are kept in areas under staff control. Staff have previously been shown how to safely use portable fire extinguishers. Foam and Carbon dioxide extinguishers were used for these fires by staff.
21. It was reported that one of the young people within the premises has an unhealthy fascination with fire and that he has a lack of consideration for his actions. Staff are aware of the young person's behaviour and are constantly removing or reducing the number of combustible items both in and to the exterior of the home. It is believed that he sources the lighters from amazon or other online marketplaces. The young people who reside in the premises are discouraged from having smokers' materials; however, they cannot be searched.
22. After the first incident the Police were informed and have logged the incident, they were not informed of the second incident. Both incidents have been logged in the young person's individual record at the home. The fire service has been informed and they are due to attend the premises and provide fire setter education to the residents.
23. It was recommended that the two fire extinguishers used in the incidents be refilled by the Councils approved fire extinguisher maintenance contractor and once practical fire extinguisher training is recommenced arrangements to be made to carry out refresher training. Staff are continuing monitoring the home environment with the aim of keeping combustible materials to a minimum.

Meadowfield Depot

24. It was reported that at 09:30hrs on 1 September 2020 a fire occurred in the rear of vehicle parked up at the rear of Meadowfield Depot. The driver of the vehicle was made aware of the fire by an IT technician and the small fire was extinguished with the use of a dry powder extinguisher. The fire occurred within a cloth tool bag which contained several tools including an electrical loop meter, battery drill as well as other hand tools.
25. It was initially believed that the cause of the fire was due to a loop test meter located in the tool bag. A representative of the manufacturer of the test meter was contacted who reported that it would be not possible for the meter to catch fire without it being connected to an electrical supply as it has no internal batteries. Further investigation of the tool bag ruled out a battery drill as a source of ignition as both the drill and battery showed no signs of fire damage. As there were no other obvious sources of ignition present in the tool bag, it has yet not been determined what started the fire. Fortunately, the fire was identified early in its development stage by an IT technician, who alerted the driver of the vehicle. The early identification of the fire and the speedy reaction of the driver of the vehicle allowed the fire to be extinguished with the use of a portable fire extinguisher.
26. The one recommendation from this incident is that all batteries for power tools, not connected to the power tool should be fitted with an insulated cover to prevent anything conductive meeting the battery terminals.

Fire Inspections – County Durham and Darlington Fire and Rescue Service

27. There has been no Fire and Rescue Service inspections of Council premises during Quarter two.

Enforcement Body Interventions & Significant Incidents

28. There were no formal HSE or CDDFRS interventions during Quarter two. There has however been contact with HSE following the submission of a RIDDOR report in relation to an incident where a driver from refuse and recycling services was admitted to hospital after a fall. The HSE have requested further information which included the safe working instructions, risk assessments and training information for the operative.
29. Following the submission of a RIDDOR report to the HSE where a heating engineer fell and fractured their elbow, whilst removing a boiler from a school premises, the HSE requested further information about the incident and requested photographs, the manual handling risk assessment and method statement for the work. These were supplied and as to date the HSE has not requested any further information. A full investigation into the incident has been carried out by a member of the H&S team and a report with several recommendations to prevent a recurrence has been issued to management.

Open Water Safety

30. The City Safety Group (CSG) formed a student induction week multi agency subgroup, chaired by the Council Occupational Health and Safety Manager. This group focused on similar challenges to previous student induction weeks but also in addition to the risks regarding COVID 19.
31. Assurances were obtained from the University and colleges on how they were going to restrict movement of students during freshers week and ensure compliance with national guidance and legislation. Durham city policing teams and the council licensing enforcement team also made plans to assist with the control of activities in licensed premises and ensure that rules of six were being adhered to, subject to further guidance changes. Engagement visits by police and licensing officers were undertaken during the quarter to ensure that licensees were sure of their responsibilities and to clarify the government guidance and resolve any queries. Licensed premises risk assessments and COVID related control measures were also reviewed during the quarter to ensure that they supported the university students in maintaining safety and social distancing.
32. The University were undertaking a series of student related communication aimed at emphasis that students should remain in college bars and not be in gatherings of more than 6 people. There was also clear messaging regarding no formal fresher type events being held outside of the university itself. For those entering into town it was also being communicated what the restrictions were outside of university areas. Also, key safety related messages as part of student induction were relayed in terms of personal safety, personal responsibility in relation to alcohol consumption/health effects, risks from becoming detached from social groups and the river corridor related hazards.
33. From a county wide water safety perspective, the open water safety group undertook a series of open water related safety communications and activities. In the absence of being able to deliver the dying to be cool cold water shock water safety campaign to schools throughout county durham, social media videos were created featuring the five year anniversary of the death of Cameron Gosling. Work was once again undertaken with Fiona Gosling, Cameron's mother, to record campaign videos, undertake media interviews, design and deliver social media messaging. There were also arrangements made to erect posters and information cards at prominent open water locations across the county to highlight the dangers to those who may be entering into cold water.
34. The H&S team also undertook assurance auditing of higher risk destination parks and other open water related locations across the county to ensure that safety related control measures previously installed, remain in situ.

Employee Health and Wellbeing

35. The council has been continuing to progress with the better health at work award continuing excellence award submission following achievement of gold award status. The award submission is due to be assessed in quarter three of 2020/21. There has been progress in delivering key elements of the employee health and wellbeing strategy and action plan, which sets out workforce health and wellbeing as being a strategic priority for the council.
36. Further work and communications were undertaken during the quarter to provide employees with health and wellbeing related information and awareness to support them during the COVID 19 pandemic. The employee assistance programme was once again promoted along with other activities which support mental health and wellbeing.
37. Focus groups were delivered by public health colleagues and this activity resulted in valuable intelligence and information from employees and current challenges and opportunities relating to different ways of working and service delivery. Employee FAQ's were also again updated during the quarter to reflect the frequent changes to government guidance and to ensure employees were able to keep safe but also compliant with the regulatory requirements relating to COVID.
38. A further review of homeworking policies and interim procedures also commenced to ensure that the current challenged are addressed, service delivery maintained and maximised and health and wellbeing of employees considered.
39. Occupational Health Service (OHS) also continued to deliver employee related management referral services during the quarter and supported managers during the process. A full breakdown of occupational health triage and testing is detailed in the supporting OHS quarter two report.

Occupational Health Service

40. The Occupational Health Service (OHS) has been supporting public health colleagues to organise and deliver the annual flu campaign for DCC employees which is critical given COVID 19. OHS is facilitating the ordering and administration of the flu vaccine onsite to employees working with vulnerable clients.
41. During Quarter two, 225 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)

Management Referrals – Employee Attribution

42. During Quarter two, 70 employees were seen for LTSA of which 29% (n=20) stated to the OHS that they consider the underlying cause to be due to work related factors. Of the 20 employees, 80% (n=16) identified this was due to 'psychological' reasons, 20% (n=4) identified as 'musculoskeletal'.

Support Services

43. During Quarter two, the OHS provided the following additional support services. See Table 1.

Table 1

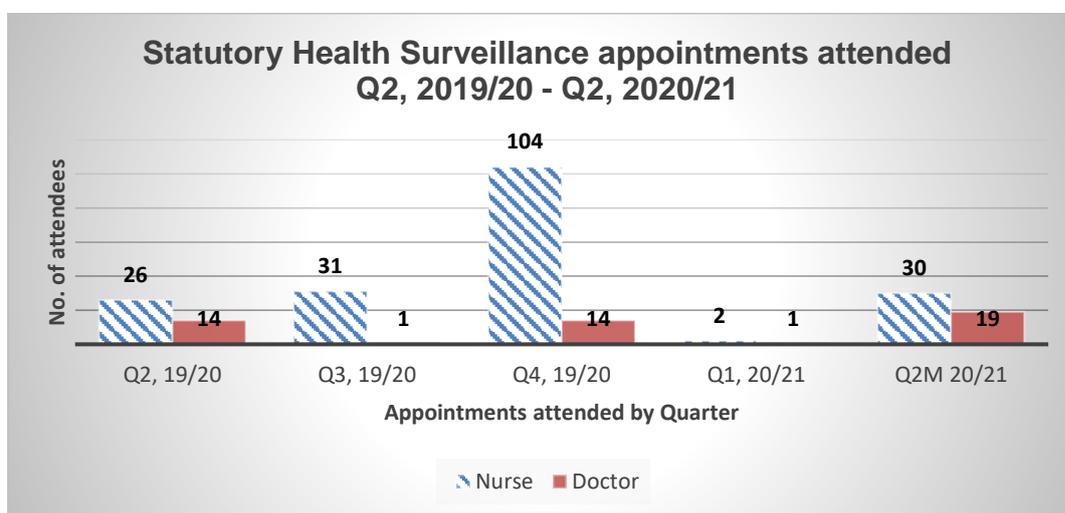
Additional Support services accessed via the OHS	A&H S	CYP S	NCC	REG	Res	CM	Service not detailed	Q2 20/21 Total	Q1 20/21 Total	Q4, 19/20 Total	Q3, 19/20 Total	Q2, 19/20 Total
Number of routine physiotherapy referrals	3	9	9	5	1	0	-	27	29	28	34	29
Number of routine physiotherapy sessions	12	31	31	17	19	0	-	110	89	102	117	149
Number of 'face to face' counselling referrals	0	0	0	0	0	0	-	0	1	20	14	3
Number of 'face to face' counselling sessions	0	0	0	0	0	0	-	0	37	43	28	33
Total number of calls to the EAP	34	27	2	8	10	3	37	121	29	91	111	98
Telephone EAP structured counselling cases	0	2	1	1	0	0	4	8	6	9	50	14
Telephone EAP structured counselling sessions	0	5	6	6	0	0	22	33	29	70	63	62

44. Routine physiotherapy clinics run one day per week in the OHS at County Hall under contract with the OHS, during COVID the clinics have been taking place remotely by telephone and some assessments carried out by video link. However, some face to face physiotherapy appointments are now available should following the physiotherapy initial assessment the physiotherapist deem this to be clinically required. At the time of preparing

this report (09/10/2020) the waiting time for an initial assessment is 2 working days. The OHS will continue to monitor this waiting time and report to this group.

Health Surveillance

45. The Occupational Health Service (OHS) has continued to provide Statutory Health Surveillance programmes remotely to employees during the pandemic in line with the guidelines issued by the HSE in relation to health surveillance. The guidelines were updated on 3rd September 2020 and now recommend that face to face audiometry can resume providing a suitable risk assessment is in place therefore the OHS plan to recommence health surveillance for noise in line with this advice. COVID related control measures have been put in place to enable this service to be provided.
46. During Quarter two, a total of 49 employees attended OHS appointments for routine statutory health surveillance, 30 with an Occupational Health Nurse and 19 with the Senior Occupational Health Physician.



Immunisation

47. There continues to be difficulty obtaining supplies of Hepatitis B vaccines, however the OHS currently has a limited supply of the vaccine. During Q2 despite the current pandemic the OHS have continued to provide immunisation to employees who were on the programme administering a total of 51 vaccines. Due to shortages of the vaccine for over 2 years there is a waiting list of employees who have been employed by DCC and their job role has been identified via risk assessment as requiring an offer of Hepatitis B immunisation, the OHS are continuing to send offer letters to this group of employees currently and anticipate that this will be an ongoing process.

Covid response

48. During the restrictions in place due to the coronavirus outbreak the OHS have continued to provide Occupational Health provision to DCC and external contracts. This has been done remotely when possible and in line with guidance from the HSE, DVLA, Faculty of Occupational Medicine and the NHS.

49. The OHS has continued to facilitate covid testing for employees, elected members and their families liaising with public health and HR colleagues to achieve an efficient service. This ensured that that council employees and their families who were referred were screened by OHS nurses and arrangements made for testing at local hospitals where appropriate. The OHS process ensures that contact is made with employees and testing arranged the same day and once results are received by the OHS they are sent to the employee, with guidance on what action if any they need to take, within an hour of being received. There were some difficulties in early September with the return of test results due to a substantial increase in the number of referrals which resulted in some results taking longer than 72 hours, however the majority of results were being returned within 48 hours and the process was very successful in supporting employees and managing transmission risks associated with COVID 19. This continues to be a challenging process due to the rapidly changing advice from the government.
50. The OHS have provided advice to managers via management referral specifically relating to employees with health conditions and working during the COVID pandemic.
51. The OHS have also provided advice to managers and employees via email and telephone on a variety of COVID related matters. (See Table 2)

Table 2

COVID-19 Activity Data Q2, 2020/21			
Email/Telephone Queries relating to COVID	Clinician	Admin	Total
DCC	243	119	362
Schools	126	68	194
Academies	8	0	8
Total	377	187	564

Screened	DCC (inc elected members)	Schools	Academies	Total
Total Screened	237	185	0	422
Of which referred for testing:				
Employees referred for testing	94	71	0	165
Household members referred for testing	25	21	0	46
COVID-19 related referrals to OHS	DCC	Schools	Academies	Total
Total referrals	18	10	0	28
Fast-tracked pre-employments	0	0	0	0

<i>Email/telephone Queries relating to covid</i>	362	194	8	564
Total number of contacts relating to Covid response	617	389	8	1014

Violence and Aggression – Potentially Violent Persons Register (PVPR)

52. At the close of Quarter two 2020/21, there were 83 live entries on the PVPR register. The 12 month rolling figures for PVPR live entries are as follows:

Year	Quarter	PVPR live entries
2020/21	1	83
2020/21	2	83
2019/20	4	91
2019/20	3	83

Number of Live Records	83
Number of Additions	12
Number of Removals	5
Number of Warning Letters Sent	5
Number of PVPR Appeals	2

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

- CYPS - 49 viewed 64 times
- AHS - 38 viewed 75 times
- N&CC – 40 viewed 81 times
- REG - 79 viewed 388 times
- RES - 47 viewed 207 times
- Members- 4 viewed 5 times

Corporate risks that may have an impact on Health and Safety

54. The below tables detail the Corporate risk that may have an impact on Health and Safety at the end of Quarter two. This also includes a COVID 19 related risk table.

Table 1 – Health and Safety Related Strategic Risks

Ref	Service	Risk	Treatment
1	AHS	Failure to respond to and recover from the COVID-19 pandemic, leading to delayed economic recovery and adverse impacts on the safety and welfare of the wider community.	Treat
2	CYPS	Failure to protect a child from death or serious harm (where service failure is a factor or issue)	Treat
3	REAL	Serious injury or loss of life due to Safeguarding failure (Transport Service)	Existing controls considered adequate
4	AHS	Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).	Treat
5	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.	Existing controls considered adequate
6	RES	Serious breach of Health and Safety Legislation	Existing controls considered adequate
6	REAL	Potential serious injury or loss of life due to the Council failing to meet its statutory, regulatory and best practice responsibilities for property and land.	Treat
8	RES	Potential violence and aggression towards members and employees from members of the public	Existing controls considered adequate

Table 2 – Health and Safety Related Risks on the COVID-19 Risk Register

Ref	Risk
1	<u>Shortage of PPE</u> , potentially leading to a further escalation and serious, widespread harm to individuals.
2	<u>Shortage of PPE</u> for key DCC services and schools.
3	Spread of COVID-19 <u>infection</u> as a result of disruption to cleaning operations
4	Potential adverse impacts of COVID on employee health and wellbeing (<u>infection</u>).
5	Sickness absence of key staff - Crematoria (<u>infection</u>)
6	Potential virus transmission (<u>infection</u>) by contractors' employees, due to lack of clear Government guidance on COVID-19 safeguards.
7	Employee blames council for redeploying them to work in situations where they were more exposed to Coronavirus and therefore DCC failed in Duty of Care (<u>infection</u>)
8	Redundancies in recovery phase of the COVID-19 pandemic and impact on unemployment particularly in tourism, retail and suppliers in the automotive sector (<u>health and wellbeing</u>).
9	Increasing number of staff being attacked (<u>violence and aggression</u>) for practising social distancing when dealing with the public (highlighted by the Local Government Association)
10	Drug and Alcohol Recovery Service (DARS): Potential <u>overdose by high-risk, vulnerable clients</u> receiving the frequent (1-3 days) supervised consumption service, as a result of service withdrawal by pharmacy chains.
11	Failure of the HWC group to respond to the pandemic, leading to an avoidable increase in <u>health inequalities</u> .
12	If inspections of lifting and pressure equipment are suspended for a considerable period, then this increases the risk of an <u>avoidable accident</u> occurring (Lifting Operations and Lifting Equipment Regulations 1998).

Statistical Information

55. 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

56. 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

57. 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

58. 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

59. The impact of COVID during the second quarter on H&S and OHS services remains significant. Nevertheless, both services continue to provide timely and effective COVID related advice and support, in addition to standard other core statutory requirements.
60. Changes to COVID related guidance during the quarter presented challenges in relation to supporting employees adapting and changing risk assessments of work activities to ensure transmission risks were being managed and controlled.
61. Preparations for the return of schools in the autumn terms were supported by the OHS and H&S team who provided revised, detailed risk assessments for schools in the county to implement and use as a basis for localised controls and premise related factors. This process was undertaken in partnership with other key services such as HR and public health and in consultation with teaching trade unions.

62. Employees continued to be supported by OHS in terms of the ability to arrange a COVID test via CDDFT following initial screening. This again proved successful with tests being arranged and results returned in most cases in under 48 hours.
63. Despite a reduction in accidents overall for the second consecutive quarter, there were a number of RIDDOR reportable accidents which are being investigated by the H&S team and will liaise with HSE accordingly to provide requested information. This is reflective of front line services still operating despite the pandemic.
64. It was positive throughout this period that despite the restrictions due to COVID 19 the annual water safety campaign has also been delivered, albeit by alternative methods, during a key risk period in the calendar and during warm weather periods.

Other useful documents

65. Occupational Health quarter two 2020/21 Report
66. Health, Safety and Wellbeing statistical quarter two 2020/21 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 progress report

Durham County Council

November 2020



CONTENTS

1. Progress Update

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

The audit opinions on the 2019/20 financial statements for Durham County Council and Durham County Council Pension Fund were signed on the 30 October 2020.

We were unable to conclude our audit work and sign the audit certificate as our audit work on Whole of Government Accounts (WGA) was not completed as at 31 October 2020 because there was a delay in issuing group instructions from the National Audit Office (NAO). These instructions were issued in early November 2020. Once this work is complete we will issue the audit certificate.

We will present our Annual Audit Letter to the next Audit Committee meeting.

2. NATIONAL PUBLICATIONS

This section of our report contains national publications which may be of interest to the Council, including recent publications in respect of Covid-19.

There have been many different briefings across different sectors, in respect of the emerging crisis and more are being published on an on-going basis. This summary does not intend to provide an exhaustive list of all recent publications, but to provide an overview of key areas.

	Publication/update	Key points
Ministry of Housing, Communities and Local Government (MHCLG)		
-	Covid-19 resources	https://www.gov.uk/guidance/coronavirus-covid-19-guidance-for-local-government Link to MHCLG Covid-19 resources.
National Audit Office (NAO)		
-	NAO Covid-19 hub	https://www.nao.org.uk/covid-19/ Hub set-up by the NAO to collate all their Covid-19 work, including planned publications.
1.	Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19	Sets out some questions to help audit and risk committee members understand and challenge activities.
2.	Overview of the UK government's response to the COVID-19 pandemic	First of a programme of work to be undertaken by the National Audit Office to support Parliament in its scrutiny of the UK government's response.
3.	Code of Audit Practice	New Code governing work of auditors, applying for 2020/21 audit years onwards.
4.	Universal Credit: getting to first payment	The Department needs to better understand and address the needs of vulnerable people and those with more complex claims, who may be at greater risk of struggling under the Universal Credit regime.
Local Government Association (LGA)		
5.	Councillor resources	Guidance to support Councillors in supporting their wards; being updated on a regular basis.
Financial Reporting Council and other regulators		
6.	Statement in respect of current situation	Highlights the impact for auditors and organisations and also the likelihood of an increase in modified opinions.

2. NATIONAL PUBLICATIONS

1. Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19, National Audit Office, June 2020

The National Audit Office's (NAO) guide sets out that audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.

Scope

This guide aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak, including on:

- annual reports;
- financial reporting;
- the control environment; and
- regularity of expenditure.

In each section of the guide the NAO has set out some questions to help audit and risk committee members understand and challenge activities. Each section can be used on its own, although we would recommend that audit and risk committee members consider the whole guide, as the questions in other sections may be interrelated.

The guide may also be used as organisations and audit and risk committees consider reporting in the 2020-21 period when more specific and detailed reporting on the outbreak will be required.

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

2. Overview of the UK government's response to the COVID-19 pandemic, National Audit Office, May 2020

This report is the first of a programme of work to be undertaken by the National Audit Office (NAO) to support Parliament in its scrutiny of the UK government's response to COVID-19. The UK government is implementing an extensive range of measures in response to the COVID-19 pandemic. This report presents a factual summary of:

- the background;
- government activity and costs; and
- the NAO's approach to examining the UK government's response.

The report provides a summary of the government's actions to date. It does not assess the value for money of the measures adopted by government or the effectiveness of its response. The report covers the main actions taken by the UK government in England, as well as the funding provided to support responses in the devolved administrations of Northern Ireland, Scotland and Wales. It does not cover the individual responses in the devolved administrations, or the separate responses implemented by local authorities. The report covers the government's response up to 4 May 2020, and also includes any significant additional commitments (defined as those over £0.5 billion) the government announced between 4 and 15 May.

<https://www.nao.org.uk/report/summary-of-uk-governments-response-to-the-covid-19-pandemic/>

2. NATIONAL PUBLICATIONS

3. Code of Audit Practice, National Audit Office, April 2020

Local public bodies are audited by firms appointed as local auditors. Every year, they carry out their work auditing these bodies' accounts and assessing the adequacy of their arrangements to secure value for money. They carry out this work in accordance with the Code of Audit Practice which is set by the National Audit Office.

The Code, which came into effect in April 2020 sets out what local auditors of relevant local public bodies, such as councils, police, fire and NHS bodies, are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014.

The new Code will apply to audits of local bodies' 2020/21 financial statements.

Key changes to the Code include the introduction of a narrative-style commentary on bodies' arrangements for securing value for taxpayers, a sharper focus on arrangements supporting financial sustainability, governance, and improving value for money, and clearer expectations on timely and effective auditor reporting.

The final draft maintains the principles-based approach through a single Code covering both local government and NHS sectors.

Link to NAO blog post on the new Code: <https://www.nao.org.uk/naoblog/the-new-code-of-audit-practice-helping-local-public-services-rise-to-the-extraordinary-challenges-ahead/>

Link to the new Code: <https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>

4. Universal Credit: getting to first payment, National Audit Office, July 2020

Many people claim Universal Credit at a challenging time in their lives. As such, the initial wait, which is an inherent part of Universal Credit's design and operational processes, does not cause all the issues that claimants may face but, in the context of many claimants' existing financial difficulties, can exacerbate their problems.

Since the National Audit Office (NAO) last reported, the Department has improved the proportion of people getting their first Universal Credit payment on time and in full to around 90%. It deserves credit for its organised approach to making changes and its improved performance. Although the cost of administering each claim is still higher than expected, the Department has demonstrated an ability to gradually make Universal Credit claims more cost-efficient by automating and improving processes. It needs to demonstrate a similar determination to tackle the high levels of fraud and error.

The Department has succeeded in improving payment timeliness so far by improving processes that affect large numbers of people. However, as the Universal Credit caseload has grown, a large number of people still do not receive their full payment on time. Vulnerable people may be particularly likely to struggle with their claim. The Department needs to better understand and address the needs of vulnerable people and those with more complex claims, who may be at greater risk of struggling under the Universal Credit regime.

<https://www.nao.org.uk/report/universal-credit-getting-to-first-payment/>

2. NATIONAL PUBLICATIONS

5. Councillor resources, Local Government Association, on-going

The Local Government Association (LGA), has issued a number of publications including 'Covid-19 reset and recovery'.

<https://www.local.gov.uk/our-support/coronavirus-information-councils/covid-19-support-your-role/covid-19-councillor>

6. Statement on Covid-19, Financial Reporting Council and other Regulators, March 2020

A joint statement was issued by the Financial Reporting Council, the Financial Conduct Authority and Prudential Regulation Authority in response to the current situation.

The statement sets out that:

“Successful and sustainable businesses underpin our economy and society by providing employment and creating prosperity. Equity and debt capital markets play a vital role providing finance to these businesses and will aid the recovery. Governments and regulators around the world remain focused on keeping capital markets open and orderly. Capital markets rely on timely, accurate information. Investors and other stakeholders rely on financial reporting – backed by high-quality auditing. However, companies and their auditors currently face unprecedented challenges in preparing and auditing financial information”

This statement highlights:

- highlights likelihood of more modified opinions (where difficulties in obtaining evidence or other issues);
- going concern assumption considerations and uncertainties; and
- guidance for companies and auditors.

<https://www.fca.org.uk/news/statements/joint-statement-fca-frc-pra>

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Audit Committee

26 November 2020

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 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. The Code is reviewed annually.
- 3 Nine changes have been made to the Local Code of Corporate Governance following the annual governance review 2019/20 and, in the main, these relate to COVID-19.
- 4 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). There is now additional pressure and uncertainty arising from the COVID-19 pandemic and Brexit.

Recommendation

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

Background

- 6 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.
- 7 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.
- 8 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).
- 9 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.
- 10 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. 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

- 11 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.
- 12 The Code was revamped four years ago to meet the requirements of the Delivering Good Governance in Local Government Framework (2016), which remains current, and is now reviewed annually.

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 5 to 8 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

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DURHAM COUNTY COUNCIL

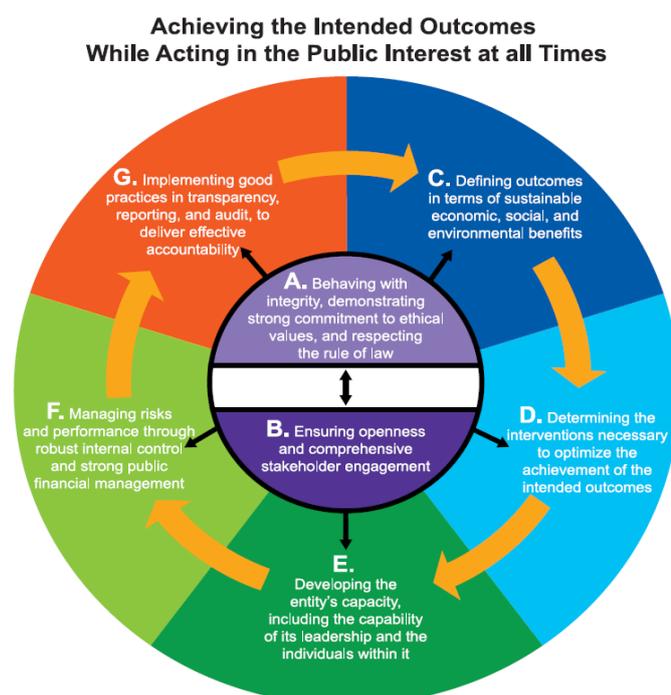
LOCAL CODE OF CORPORATE GOVERNANCE

1. Introduction

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

2. What is Governance?

- 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. Any relaxation of procurement rules to support the COVID-19 response will be time limited according to ongoing need and will be kept under review in consultation with Internal Audit.
- 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, can fulfil their responsibilities in accordance with legislative, and regulatory and other legal 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 2020 - 2025](#); [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.
- Working with strategic partners through the Local Resilience Forum on collective capacity and capability, protection from the COVID-19 virus, managing deaths and planning for the future.
- 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.
 - Channelling communications and updates on COVID-19 through a [single point of entry](#).
 - Using the consultation process to involve a range of stakeholders in refreshing the [Joint Health and Wellbeing Strategy 2020 - 2025](#).
 - 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 2020 - 2025](#), 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 and Young People's Strategy 2019 - 2022](#); [Climate and Emergency Plan](#); Corporate Capital Protocol; Council Plan 2020 – 2023 and service plans; [County Durham Plan](#); [County Durham Vision 2035](#); [Customer First Strategy and Customer Services Charter](#); [Equality Policy](#); [Joint Health and Wellbeing Strategy 2020 - 2025](#); [Medium Term Financial Plan 2021 - 2024](#); [Performance Management Framework](#); [Police, Crime and Victim's Plan 2018 - 2021](#); [Regeneration Statement 2012 – 2022](#); [Risk Management Strategy and Policy](#); [Safe Durham Partnership Plan 2020 - 2025](#).

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 2020 - 2023](#) 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 2021 - 2024 \(MTFP\)](#), a financial framework in line with the [Council Plan 2020 - 2023](#) 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 2020 - 2023](#) 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~~ [Climate Change Emergency Response Plan 2020 - 2022](#) and pursuing social benefits through the other themes.
- Using decision making processes, which include management of performance and risks, to support the achievement of high-level objectives in furtherance of economic, social and environmental benefits.
- Pursuing economic, social and environmental benefits in the development the [Medium Term Financial Plan](#).
- Preparing the capital budget reflecting the priorities detailed in the [Council Plan 2020 - 2023](#), 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, 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](#); [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 2020 - 2023](#) 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 2020 - 2023](#) 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 2020 - 2023](#) 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 2020 - 2023](#) 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 2020 - 2023](#) 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 2020 - 2023](#) 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.
- ~~Formally reflecting on the experiences of the COVID-19 pandemic and using learning to strengthen capacity and capability.~~

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. Decision-making arrangements will be refined, with appropriate scrutiny safeguards, for the purposes of managing the COVID-19 pandemic emergency.

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 and the emergency Human Resources Policy, which is compatible with revised working arrangements introduced during the COVID-19 pandemic. Absence management arrangements and enhanced family and compassionate leave provisions 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 2020 - 2023](#); [Data Protection Policy](#); Data Quality Policy; Delivering Good Governance in Local Government Framework; [Internal Audit Charter, Strategy 2020/21 and Audit Plan](#); [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 Strategy and Policy](#), 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 2020 - 2023](#) 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 Charter, Strategy 2020/21 and Audit Plan](#).
- 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 2020 - 2023](#), which contains a set of actions with proposed outcomes.

- Issuing special guidance on COVID-19 expenditure to budget managers and requisitioners to mitigate the huge potential financial impact of the pandemic response and escalating the frequency of monitoring and reporting.
- 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](#) 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.

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Audit Committee

26 November 2020

**Strategic Risk Management Progress
Report for 2020/21**

Review 2: 1 June – 30 September 2020



Report of Corporate Management Team

John Hewitt, Corporate Director 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 2020.

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 climate change (key risk) and community protection inspections have been added to the strategic risk register. This report includes brief updates on No-Deal Brexit and the Council's response to the COVID-19 pandemic.
- 4 On 30 September 2020, there were 30 risks on the strategic risk register. There are six key risks, relating to COVID-19, savings plans, Government funding, climate change, 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 On 30 September 2020, there were 30 risks on the corporate strategic risk register, two more than on 31 May 2020. During this period, two risks were added, and none were removed.
- 10 In summary, the key risks to the Council are:
- (a) Failure to respond to and recover from the COVID-19 pandemic, leading to delayed economic recovery and adverse impacts on the safety and welfare of the wider community;
 - (b) If timely and comprehensive savings plans are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves, which may have been depleted during the COVID-19 outbreak, to balance future years budgets;
 - (c) 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. In addition, the short to long term impact of COVID-19 upon the council is also unknown;
 - (d) Risk that the Council fails, in its role as a community leader, to help partners, local businesses and communities make the necessary adaptations and mitigations in pursuit of the target of being a carbon-neutral County by 2050;
 - (e) Failure to protect a child from death or serious harm (where service failure is a factor or issue);
 - (f) 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 2020 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**.

No-Deal Brexit Risk

- 14 The United Kingdom (UK) and the European Union (EU) are currently heading towards the end of the 11-month transition period which is due to expire on 31 December 2020.
- 15 While the UK and EU have both said they hope to have a trade agreement in place by the end of the transition period, the UK government has confirmed that it will not seek an extension to the transition period in order to conclude a trade agreement. Instead, the UK is prepared to leave the EU without a trade agreement at the end of the transition period, which would mean that its future trading arrangements with the EU would be governed by World Trade Organisation rules.
- 16 Trade agreement negotiations between the two sides are ongoing and both sides have said that they are working towards an outline agreement being in place by the end of this month. The UK has however set a deadline of 15 October for progress to be made, otherwise it is prepared to walk away from future talks.
- 17 Depending upon the progress made by the end of this month, the council and the County Durham and Darlington Local Resilience Forum may need to stand-up once again their respective Brexit task and finish group arrangements.

COVID-19 Risk

- 18 The council is united with regional partners in its approach to tackling the pandemic for the benefit of residents, businesses and communities. The priority is residents' health and driving down the rates of Covid infection remains our focus. We must also do as much as we can to protect our economy – and for that we need government support.
- 19 The council is continuing to support vulnerable residents affected by Covid and, in its community leadership role, is escalating efforts to encourage the public to adhere to Covid restrictions and tackle behaviour which puts public health at risk. There is also an increasing role for local public health services in supporting the national test and trace system.
- 20 A second lockdown period was introduced by the Government from 5 November accompanied by new national restrictions,
 - (a) Requiring people to stay at home, except for specific purposes.
 - (b) Preventing gathering with people you do not live with, except for specific purposes.
 - (c) Closing certain businesses and venues.
- 21 The Council has announced details of how our services will be affected and is continuously reviewing emerging government advice on how best to stop the spread of coronavirus and considering how we can maintain essential services to residents in light of this.

Author

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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, 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 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 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 the external auditor and bodies such as 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 and 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.

On 30 September 2020, there were 30 risks on the corporate strategic risk register, two more than on 31 May 2020. During this period, two risks were added, and none were removed.

The following matrix profiles the strategic risks according to their net risk evaluation as at 30 September 2020. To highlight changes in each category during the last period, the number of risks on 31 May 2020 is shown in brackets.

Overall number of Strategic Risks on 31 May 2020

Impact					
Critical	1 (1)		4 (4)		1 (1)
Major		5 (5)	5 (4)	1 (1)	
Moderate			10 (9)	3 (3)	
Minor					
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. In addition, the short to long term impact of COVID-19 upon the council is also unknown.”

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

New Risks

- 1 *Risk that the Council fails, in its role as a community leader, to help partners, local businesses and communities make the necessary adaptations and mitigations in pursuit of the target of being a carbon-neutral County by 2050*

In February 2019, Durham County Council declared a Climate Change Emergency with ambitious targets to reduce its own carbon emissions and to investigate what further actions are necessary to make County Durham Carbon neutral by 2050. In July 2019, the Council approved a report from the Corporate Director, REAL, which explored what the Council, with its partners, needs to do to achieve its targets. One of the key mitigations is the Climate Emergency Response Plan 2020-2022, incorporating over 100 projects. The scale, duration and complexity of the programme means that sustained oversight, monitoring and review are essential. Environment and Sustainable Communities Overview and Scrutiny Committee will review performance against the plan and make recommendations for the revision of targets. It is considered probable that this risk will occur, which will have a major impact **(NCC)**.

- 2 *Demand pressures on the Community Protection inspections and interventions arising from the COVID-19 pandemic and a potential No-Deal-Brexit may lead to an adverse impact on public health and safety in Co Durham*

This risk concerns inspections of business premises to monitor food standards, health and safety, and permitted installations under Environment, Health and Consumer Protection enforcement policy. The risk has increased due to current COVID-19 pressures and Brexit uncertainty, and it is considered possible that this risk will occur, which will have a moderate impact **(NCC)**.

Key Risks

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

Key Risks Matrix

Net Impact					
Critical			Risk 1 COVID-19 Risk 2 Savings Plans Risk 5 Child Safeguarding Risk 6 Vulnerable Adults		Risk 3 Government Funding
Major				Risk 4 Climate Change	
Moderate					
Minor					
Insignificant					
Net Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

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

Key Risks Schedule

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

Ref	Service owning the risk	Corporate Theme	Risk	Net Impact	Net Likelihood	Proposed Key Actions	Direction of Travel	Anticipated date when risk will be at an acceptable level
1	All services Risk Owner: CMT	Altogether Better Council	Failure to respond to and recover from the COVID-19 pandemic, leading to delayed economic recovery and adverse impacts on the safety and welfare of the wider community.	Critical	Possible	<p>The Council's response is being led by the Director of Public Health, supported by an internal planning group, which is linked to planning arrangements at local, regional and national levels. Formal internal governance arrangements to oversee and manage risk are in place.</p> <p>Longer-term risks will be identified and managed, including recovery of service delivery back to business as usual, dealing with the impact on future local government funding from central government and the economic impact on County Durham.</p>		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
2	RES Risk Owner: Jeff Garfoot	Altogether Better Council	If timely and comprehensive savings plans are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves, which may have been depleted during the COVID-19 outbreak, to balance future years budgets.	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.
3	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. In addition, the short to long term impact of COVID-19 upon the council is also unknown.	Critical	Highly Probable	Sound financial forecasting is in place based on thorough examination of the Government's "red book" plans alongside forecasting of council expenditure and income especially in relation to the areas impacted by COVID-19.		This will be a significant risk for at least the next 4 years.
4	NCC Risk Owner: Alan Patrickson	Altogether Greener	Risk that the Council fails, in its role as a community leader, to help partners, local businesses and communities make the necessary adaptations and mitigations in pursuit of the target of being a carbon-neutral County by 2050.	Major	Probable	One of the key mitigations is the Climate Emergency Response Plan 2020-2022, incorporating over 100 projects. The scale, duration and complexity of the programme means that sustained oversight, monitoring and review are essential. Environment and Sustainable Communities Overview and Scrutiny Committee will review performance against the plan and make recommendations for the revision of targets.		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
5	CYPS Risk Owner: Helen Fergusson	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	Durham Safeguarding Children Partnership has been established in line with the statutory requirements set out in 'Working Together 2018'. Partnership learning through scrutiny mechanisms and learning reviews underpins training for front line staff and regular staff supervision takes place. A review of the partnership arrangements is in progress with initial findings to be reported by December 2020.		This risk is long term.
6	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. Following allegations of abuse at Whorlton Hall Hospital, an independent review the Council's safeguarding adults processes has been commissioned. Any learning will inform actions to reframe and develop practice.		Nationally there has been an increased awareness of potential vulnerabilities relating to adults with care and support needs. High profile exposures heighten awareness of adult safeguarding concerns. This risk is long term.

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

Based on the **Net** risk assessment as at 30 September 2020, the following tables highlight the risks for each Corporate Theme.

Corporate Theme – Altogether Better Council

Ref	Service	Risk
1	CMT	Failure to respond to and recover from the COVID-19 pandemic, leading to delayed economic recovery and adverse impacts on the safety and welfare of the wider community.
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. In addition, the short to long term impact of COVID-19 upon the council is also unknown.
3	RES	If timely and comprehensive savings plans are not in place across the council, required savings may not be achieved, necessitating extensive utilisation of reserves, which may have been depleted during the COVID-19 outbreak, to balance future years budgets.
4	REG	Potential serious injury or loss of life due to the Council failing to meet its statutory, regulatory and best practice responsibilities for property and land.
5	AHS	Potential adverse effects of a "no deal Brexit" on the economy, safety and welfare of the County.
6	NCC	Demand pressures on the Community Protection inspections and interventions arising from the COVID-19 pandemic and a potential No-Deal-Brexit may lead to an adverse impact on public health and safety in Co Durham.
7	RES	Failure to consider equality implications of decisions on communities leading to successful legal challenge and delays in implementation.
8	RES	Potential violence and aggression towards members and employees from members of the public.
9	RES	Risk that Council does not fully respond to the drivers of financial hardship caused by the economic impacts of the coronavirus pandemic and wider determinants of poverty to help alleviate the impacts on County Durham residents.
10	RES	Serious breach of Health and Safety Legislation
11	NCC	Failure to consult with communities on major service & policy changes leading to legal challenge & delays in implementation.
12	RES	Potential significant size and scope of the liabilities of equal value claims.

Ref	Service	Risk
13	RES	If the Council suffered a major cyber-attack, then it may be unable to effectively deliver essential services.
14	RES	Due to the current economic climate, and amount of change occurring across the Council, there is potential for increases in fraud and corruption.
15	NCC	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.
16	RES	Potential breach of the Data Protection Act 2018.

Altogether Better for Children and Young People

Ref	Service	Risk
17	CYPS	Failure to protect a child from death or serious harm (where service failure is a factor or issue)
18	CYPS	Potential financial and other pressures threaten the viability of some educational providers
19	CYPS	Inability to recruit and retain children's social workers and social work managers may seriously inhibit the delivery of services.
20	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.
21	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
22	NCC	Risk that the Council fails, in its role as a community leader, to help partners, local businesses and communities make the necessary adaptations and mitigations in pursuit of the target of being a carbon-neutral County by 2050.
23	NCC	Risk of a suspension notice under Regulation 37, Environmental Permitting Regulations 2016, leading to a partial cessation of operations at Mountset Crematorium.

Altogether Healthier

Ref	Service	Risk
24	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.
25	AHS	Risk that the Council is subject to legal challenge by Providers in relation to application of its Residential Care Charging Policy and Deferred Payment Policy.

Altogether Safer

Ref	Service	Risk
26	AHS	Failure to protect a vulnerable adult from death or serious harm (where service failure is a factor or issue).
27	NCC	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.
28	REG	Serious injury or loss of life due to Safeguarding failure (Transport Service).

Altogether Wealthier

	Service	Risk
29	REG	Future strategic direction of the Council and the County will be adversely impacted if the County Durham Plan is not adopted.
30	NCC	Potential 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

Objective: To demonstrate that risks are being effectively managed				
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Last Period	This Period
All risks are reviewed on a continual cycle	Service Risk Review completed each quarter	100% (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)	None	None
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 training was provided in this period.	No training was provided in this period.

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Audit Committee

26 November 2020

**Protecting the Public Purse – Update
Activity Report as at 30 September 2020**



**Report of Stephen Carter, Interim 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 2020.

Executive Summary

- 2 The report provides Members with the progress that has been made by the Corporate Fraud Team as at 30 September 2020. 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 2020;
 - (d) Proactive Counter Fraud work;
 - (e) Progress on the Council's participation in the National Fraud Initiative (NFI);
 - (f) Fraud Reporting;
 - (g) Fraud Training;
 - (h) Covid-19 Frauds.

- 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 2020;
 - (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 2020/2021 as at 30 September 2020 (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. It was reviewed during 2019/20 but did not require any changes. The Strategy will be reviewed and updated during 2020/21 in line with the new Fighting Fraud & Corruption Locally a Strategy for the 2020's which was presented to the committee in June 2020.
- 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 2020/21. 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 fraud;
- Investigating potential fraud in schools;
- Investigating potential fraud and abuse of blue badges;
- 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 grant fraud;
- Investigating procurement fraud;
- 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;
- Working with Believe Housing Group and Livin Housing to investigate potential tenancy fraud;
- Working with Karbon Homes, Livin Housing, Bernicia Homes and Gentoo 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 2020 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 has commenced;
- Virtual attendance at Durham Constabulary's quarterly Serious and Organised Crime Disruption Panel;
- Virtual attendance at Durham Constabulary's Gold Command Group;
- Fraud awareness with emerging Covid-19 fraud risks has been communicated to high risk areas during April to September 2020. Further awareness is planned during the rest of 2020/21, with the ongoing pandemic changing the fraud landscape. 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;
- Durham County Council (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 Corporate Fraud Team has signed up to receive Credit Industry Fraud Avoidance System (CIFAS) weekly alerts, with these alerts also communicated to the relevant service areas and publicity to warn our customers;

- The Corporate Fraud System records all scams and alerts, so intelligence searches can be made at any time;
- A review of how scams and alerts are communicated should be completed during 2020/21 as part of the fraud campaign, with consideration to an alerts page on the intranet;
- The Confidential Reporting Code (Whistleblowing) is available on the DCC website for contractors, suppliers and former employees, as well as publicity for current employees being included on the intranet. There have been no reports between April to September 2020. Further awareness of the code is being reviewed, especially with the heightened threat of insider fraud due to Covid-19;
- 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. Since the creation of the Corporate Fraud Team, we have had 33 prosecutions and sanctioned 44 cases;
- A review of Durham County Council's website and intranet relating to fraud and the reporting methods has continued, with further changes to the landing page: www.durham.gov.uk/fraud. This is part of the Fraud Campaign and Fraud Communications Strategy;
- The Counter Fraud and Corruption Strategy, the Fraud Response Plan, the Confidential Reporting Code and the Anti Money Laundering Policy will be reviewed later this year. They were all last reviewed during 2019/20, with no changes required. The intention is for the Counter Fraud and Corruption Strategy to be revised in line with the new national Fighting Fraud & Corruption Locally Strategy that was published in March 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. This is currently on hold;
- 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 corporate fraud reporting channels have continued to be used during 2020/21. As at 30 September 2020, 180 referrals have been made using either the fraud hotline, fraud CRM reporting, fraud email addresses, fraud website, letter to the fraud team or fraud text service;
 - A review of the Employee Code of Conduct (CCE) declarations is still ongoing, which is considering a new electronic process. CRM is being considered to capture the information.
- 12 The Counter Fraud Operational Plan 2020/21 is monitored every month, so that progress can be effectively managed. This operational plan was agreed by Audit Committee in June 2020.
 - 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 as an organisation and 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 there have been a total of six cases jointly investigated, all of which have been closed as no fraud identified. A review of the joint working initiative with DWP Management is pending, to determine if it is worthwhile continuing. However due to the pandemic, DWP fraud teams have been seconded to other workloads and therefore this initiative and conversations have been put on hold. Progress of this initiative will continue to be reported to the Committee within the annual report.
 - 16 The fraud campaign has been put on hold during the first half of 2020/21, instead Covid-19 fraud awareness and publicity has taken priority. The Corporate Fraud Team has worked in partnership with Trading Standards and Communications and Marketing to make sure both employees and the public are informed about the Covid-19 fraud risks and scams.
 - 17 The fraud campaign will continue again with International Fraud Awareness Week in November and will continue with the key messages to 'fight fraud together' and 'stamp out fraud' asking residents, stakeholders, Members and employees to 'help stop fraud and report it'.
 - 18 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’.

- 19 DCC has agreed to pilot an Email Fraud Protection (EFP) product in partnership with CSIS and Lloyds Bank. The product will detect fake invoices even from compromised email accounts, rate every invoice for authenticity or indicators of compromise, monitor compromised emails from vendors, suppliers and internal accounts and scan emails continuously including archived content and attachments.
- 20 EFP will assist with vendor/supplier fraud, CEO fraud, from email spoofing and account take overs. Progress of this pilot will be reported to the Committee within the annual report.

Reported Cases of Potential Fraud and Irregularity

- 21 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.
- 22 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 Corporate Fraud, Internal Audit 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.
- 23 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.
- 24 Cases are also monitored to identify any potential trends and/or potential weaknesses in the control environment that may require further action or attention.
- 25 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
2016/17	58
2017/18	40
2018/19	30
2019/20	37
2020/21 (April – Sept)	04

- 26 Referrals as at 30 September 2020 have significantly decreased in comparison to previous years. This may be due to the pandemic and people working at home and transferred to do other duties. Disciplinary action was also put on hold for a period. It is hoped that the awareness of the Corporate Fraud Team also acts as a suitable deterrent and our zero-tolerance approach is being embedded within the organisation. With further fraud awareness planned in November 2020, including the continuation of publicising the Confidential Reporting Code, this will continue to encourage cases to be reported.
- 27 Working from home has changed the landscape and potential for internal fraud. Our internal fraud risks and the Council's internal control measures will be reviewed further during 2020/21 to ensure that they remain fit for purpose and take account of the increase in home working.
- 28 A summary of ongoing cases from previous years, and cases reported between 01 April 2020 and 30 September 2020, together with the outcomes from any subsequent investigation, are shown as Appendix 3.
- 29 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.
- 30 A summary of the potential cases of external corporate fraud reported and investigated since 2015/16 when the Corporate Fraud Team was established is as follows:

Financial Year	Number of Referrals	Number of Cases Investigated	Actual Outcome Values	Notional Outcome Values
2015/16	804	744	£1,726,802	Not Recorded
2016/17	803	364	£793,331	Not Recorded
2017/18	1,041	659	£796,691	Not Recorded
2018/19	978	481	£1,344,290	Not Recorded
2019/20	1,156	721	£3,569,089	£64,888
2020/21 (April – Sept)	597	297	£1,269,168	£31,687
Totals	5,379	3,265	£9,499,371	£96,575

- 31 During April to September 2020 referrals have continued to be steady compared to previous years, with a change in Covid-19 fraud risks being reported. The number of cases investigated, and the actual outcome values has decreased compared to 2019/20, which has been largely due to the pandemic, with the Corporate Fraud Team being

unable to conduct interviews and visits. These are still higher however than previous years.

- 32 The totals show our zero tolerance of over 3,200 investigations and over £9.5million worth of fraud uncovered or intercepted. The continual development and journey of the Corporate Fraud Team, with the fraud campaign and strong partnership working have contributed.
- 33 These partnerships have also allowed the team to commercialise and bring in an income. During 2019/20 the team income was circa £100,000. Between April to September 2020 the team income was circa £49,000. It is expected due to the pandemic, that this income could reduce and a review of all the existing partnerships and any potential new ones is currently underway.
- 34 During 2019/20 a notional value was measured and introduced within the team's performance indicators. These values calculate 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 both a national report by the Cabinet Office and using our own methodology with costs for DCC.
- 35 A summary of the Corporate Fraud Team case load and values of fraud cases identified during April to September 2020, are shown as Appendix 2.

Proactive Counter Fraud Work

- 36 Across the year, several proactive counter fraud initiatives have been completed, mostly virtual, 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 progressed during 2020/21. Data analytics and proactive

investigations are areas that the Corporate Fraud Team are keen to develop further;

- 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;
- This partnership has grown from strength to strength and other Local Authorities and Police forces have contacted us as best practice wanting to implement our partnership. The FFCL has included our partnership within the new Strategy as best practice;
- 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 Corporate Fraud Sanction Policy has allowed us to dispose of 4 sanctions and 3 prosecutions during April to September 2020;
- Progress has continued to develop the North East Regional fraud data hub, with Durham being the lead authority. This 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;
- The Regional Hub is being developed under the Digital Economy Act and will be one the first fraud pilots for local authorities once this goes live. Due to Covid-19 we have been unable to finalise the project as planned. It is hoped to get ministerial approval in January 2021;
- A new three-year Strategic Partnership has been agreed with both Believe Housing Group and Livin Housing, for the Corporate Fraud Team to deliver Tenancy Fraud work for both organisations;
- A Strategic Partnership with both Karbon Homes and Bernicia Homes is continuing for the Corporate Fraud Team to deliver right to buy and right to acquire verification checks and any potential money laundering fraud;

- Two pilots with Gentoo Homes and Livin Housing have continued for the Corporate Fraud Team to deliver right to buy and right to acquire verification checks and any potential money laundering fraud;
- In December 2019 the Corporate Fraud Team seconded a Financial Investigator on an initial fifteen-month period. This role has continued during 2020/21 and has been invaluable assisting with criminal investigations, as well as the recovery of monies and assets for DCC;
- This role has given the Corporate Fraud Team other lines of enquiry and powers that previously was not available and has demonstrated the need of a Financial Investigator within the fraud team on a permanent basis. It is hoped that this role can be structured into the team in the future.

National Fraud Initiative (2020 / 2021)

- 37 The National Fraud Initiative (NFI) is the Cabinet Office's data matching exercise that runs every two years. Data from various Council systems will be submitted in October 2020 and matched across systems and against data submitted by other organisations to identify potential fraud and / or error.
- 38 The main results of the NFI 2020-2021 exercise will be released between January and March 2021, with subsequent reports released between April and September. The Corporate Fraud Team is the key contact and coordinator for this exercise with an action plan to make sure DCC reviews and investigates the results to identify fraud and error and recover any overpaid monies. Progress of this initiative will continue to be reported to the Committee within the annual report.
- 39 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. This exercise will be submitted in December 2020.
- 40 The National Fraud Initiative is also carried out by DCC on behalf of Durham Constabulary, County Durham & Darlington Fire & Rescue Authority and for the first time the North East Combined Authority (NECA).

Fraud Reporting

- 41 Fraud data has continued to be provided in respect of surveys for the CIPFA Counter Fraud Centre.

- 42 A specific CIPFA Counter Fraud and Corruption Tracker report for DCC was published in December 2019 and was reported to the committee in June 2020. The report compares DCC data with other similar types and tiers.
- 43 As part of NERIOG, a benchmarking document has been agreed that will be used to show a regional position, allowing Durham to benchmark against neighbouring authorities in the region. The most recent document shows Durham leading the fight against fraud in the North East Region.
- 44 Fraud transparency data has continued to be reported on the website as part of the Local Government Transparency Code 2015.
- 45 DCC is continuing to support the Fighting Fraud and Corruption Locally (FFCL) Board and assisted with the development of the new national FFCL Strategy and supporting documents. DCC was mentioned in the Strategy for the 2020's as a best practice fraud team and were thanked for our input.
- 46 The Corporate Fraud Team has continued to benchmark with its Local Performance Indicators as part of the Performance Management Framework of the Service.

Fraud Training

- 47 A Durham Managers programme 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 for both our organisation and 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 this year. Five members of the team are already Professional in Security accredited counter fraud specialists.
- 49 DCC was involved in the Local Authority Government Counter Fraud Profession Working Group, which reviewed and developed Local Authority fraud standards and a professional qualification. DCC is currently reviewing membership options.
- 50 The Fraud Manager is the North East Regional Representative for the 'Fighting Fraud and Corruption Locally' board and a member of the National Operational Group. This demonstrates Durham again leading

the fight against fraud in the region and are also being recognised nationally.

- 51 The Fraud Manager has attended virtual 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 have successfully completed their Association of Accounting Technician (AAT) level 3 qualification and will now start a new apprenticeship in more focussed areas of work within fraud and audit.
- 53 DCC has progressed a cohort and will be championing the new Counter Fraud Investigator apprenticeship. This will be one of the first of these apprenticeships nationally, again showing Durham leading the way. Three members of the Corporate Fraud Team will be starting this during 2020/21.
- 54 The Fraud Investigation Standard, as part of this apprenticeship, has been developed to provide a recognised and robust pathway for fraud investigators that would allow for parity across sectors and comprehensive development of all knowledge, skills and behaviours associated with being an effective and competent investigation professional.
- 55 The Corporate Fraud Team's 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. Virtual training has been delivered during 2020/21.

Covid-19 Frauds

- 56 Financial support with Covid-19 stimulus packages have been made available to both residents and local businesses. Local Authorities have supported central government in administering some of these packages. Business Rates Grants Schemes, Council Tax Hardship Grant payments and more lately through administering the Test and Trace Payments. DCC has paid out over £104 million in Business Rates Grants to over 9,600 businesses to date. Government guidance for these schemes has been subject to frequent change and significant pressure was placed on local authorities to make these payments swiftly with an emphasis on post payment verification rather than pre-payment verification checks that may slow down the processing of these grants.

- 57 The Covid-19 pandemic has however, also provided an opportunity for fraudsters to exploit people, businesses and public and private organisations. Fraudsters are using sophisticated methods to callously exploit people's financial concerns, scamming them out of money. With the urgency to support people and the billions of pounds being spent from government, fraudsters are also taking advantage of weaknesses in controls.
- 58 Criminals are using known fraud risks to attack local authorities via impersonation fraud, CEO fraud, mandate fraud, phishing emails, empty property fraud, false representation and money laundering. Serious and Organised criminals are exploiting these unprecedented times, but we are also seeing a rise in opportunist fraud.
- 59 The Corporate Fraud Team have played an important role in supporting DCC to verify we are paying out monies to genuine people and businesses who need financial support during the Covid restrictions. The team have led on the post payment verification processes, supported by the Internal Audit Team who have been involved in designing systems and processes on an advice and consultancy basis as services were tasked with establishing new processes to process these schemes.
- 60 Fraud & Corruption has been added to our Covid-19 Risks and is being monitored every fortnight by the Fraud Manager. Corporate Fraud Investigators and the Financial Investigator have spent over 140 days between April and September 2020 verifying grants and bank details, identifying fraud/attempted frauds as well as working in partnership with colleagues from Revenues & Benefits on the fraud risk assessment.
- 61 A national large-scale organised fraud was identified on the Covid Business Grants affecting multiple local authorities. Following notification of the Fraud, the Corporate Fraud Team assisted the Business Rates Team in identifying that DCC had been affected by one Fraudster and worked quickly to prevent payments on a further £695,000 of fraudulent applications by the same organised crime gang.
- 62 The financial investigator successfully froze the fraudster's bank account preventing them from accessing £130,000 of business rates grants that had been fraudulently obtained by false grant applications to other local authorities. Many local authorities were unaware they had been affected. Praise and recognition have been received in relation to DCC's work on these organised frauds from both NAFN and the National Investigation Service (NATIS) in relation to the identification, investigation, prevention, and intelligence provided.

- 63 With intelligence received and through joint working between the Corporate Fraud Team and the Business Rates Team, 58 attempted frauds have also been prevented, with a value of circa £785,000. DCC has paid 17 known fraudulent grants with a value of circa £230,000. These grants are being recovered. Information relating to these cases have been forwarded to NATIS to support criminal investigations and 1 case is currently being investigated in partnership with Durham Constabulary. The grant conditions are such that should the council be unsuccessful in recovering these fraudulent payments, the Government will pick up these costs.
- 64 The Corporate Fraud Team and Internal Audit have carried out extensive post-payment assurance work alongside fraud checks and investigations as follows:
- NFI has been utilised to assist with bank account verification and identify any discrepancies between the grants and Companies House data;
 - The Government Spotlight tool has been utilised to assist with the due diligence checks of the grants. Spotlight provides risked outputs against company status, company age, overdue accounts, insolvency and charity status checks;
 - Data analytics work has been undertaken to review duplicate payments, rateable value to payment amount, review of grants paid without applications (insider threat), top three highest paid businesses, suspicious bank account numbers checked, and the financial investigator has carried out multiple pre order enquiries;
 - Multiple intelligence alerts have been circulated by NAFN providing a picture of the modus operandi of organised frauds, company names used and bank details. Intelligence has also been received from Lloyds and Santander. Prompt action by the Corporate Fraud Team and Business Rates Team on these alerts has resulted in DCC successfully preventing multiple frauds and being able to share intelligence with other local authorities;
 - The Corporate Fraud Team report identified frauds to NAFN, NATIS and the Department for Business, Energy & Industrial Strategy (BEIS), feeding into the national intelligence picture and providing the required national reporting figures.
- 65 Although the Small Business Grant Fund, Retail, Hospitality and Leisure Grants Fund and Local Discretionary Grants Fund Schemes have now closed there is a continuation of this work. There are 97 ongoing fraud investigations, future intelligence alerts to review, collation of fraud

figures for national reporting, post assurance audits, unpaid and refused grants review and reclaimed grants reviews for any fraudulent claims.

- 66 There are also planned regional checks as part of regional fraud hub, further NFI and Spotlight work, ongoing work with Durham Police for a multi-agency operation on Organised Crime Groups who have abused the grant scheme and assisting Durham Police and NATIS in their ongoing prosecutions.
- 67 The ongoing Covid-19 pandemic sees a constant change in restrictions and newly developed support packages, with the Corporate Fraud Team horizon scanning and dealing with new and emerging frauds as they arise. The team is working closely with the Business Rates Team as the Council prepares for the implementation of the Local Restrictions Support Grants to eligible businesses impacted by the local Tier 2 restrictions from 18 September and those required to close from 5 November under the national lockdown. Fraud risks will be reviewed for any new stimulus packages and what approach and involvement the Corporate Fraud Team and Internal Audit will have.
- 68 The risks associated with the closure of Council buildings, offices and an increase in working from home will be reviewed as part of the Covid-19 Fraud Risks and any actions implemented to reduce any identified threats. Progress will be reported to the Committee within the annual report.

Background papers

- None.

Other useful documents

- None.

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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 for 2019/20 is £201,891 and in 2019/20 have recovered or intercepted over £3.5million of potential fraud. Between April to September 2020 the team has recovered or intercepted over £1.3million. Since the set-up of the Team in June 2015 the team have recovered or intercepted over £9.5million. Some of the work of the team is also not measured and therefore does not have a value that can be calculated.

Consultation

There has been no need for consultation to be undertaken as a result of this report.

Equality and Diversity / Public Sector Equality Duty

There are no equality and diversity / public sector equality duty implications as a result of this report.

Climate Change

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

Human Rights

There are no human rights implications as a result of this report.

Crime and Disorder

Fraud is a criminal offence as defined by the Fraud Act 2006.

Staffing

Potential for disciplinary action to be taken against known employees where fraud has been proven.

Accommodation

There are no accommodation implications as a result of this report.

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

There are no procurement implications as a result of this report.

**Corporate Fraud Team Results
April – September 2020**

Appendix 2

Fraud Type	Referrals Total	Referrals Accepted	Referrals Rejected	Investigations Closed	Frauds No.	Prosecutions No.	OUTCOMES		
							Sanctions No.	Value (£)	Notional Value (£)
Adult Care Financial Assessment	1	1	0	2	0	-	-	-	-
Blue Badge	8	3	5	4	4	1	2	5,138.00	-
Council Tax	23	14	9	11	7	-	-	31,134.99	7,529.08
CTRS	86	64	22	45	30	1	2	17,947.70	3,420.29
Data Breach	-	-	-	-	-	-	-	-	-
Direct Payments	2	2	0	2	-	-	-	-	-
Employee	4	4	0	16	6	-	-	209.52	-
Funding/Grant	117	114	3	18	7	-	-	50,824.85	-
Housing Benefit	3	1	2	-	-	-	-	26,935.47	4,060.77
Insurance	5	5	0	4	3	-	-	39,513.26	-
Irregularity	4	0	4	1	-	-	-	-	-
NNDR	9	1	8	-	-	-	-	-	-
Procurement	4	4	0	2	-	-	-	-	-
Right to Buy	74	74	0	102	47	-	-	891,934.00	-
Schools	1	1	0	1	-	-	-	-	-
SPD	83	57	26	58	21	-	-	11,871.72	16,677.29
Tenancy	49	46	3	31	18	1	-	193,658.30	-
External	124	0	124	-	-	-	-	-	-
Totals	597	391	206	297	143	3	4	1,219,167.81	31,687.43

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.

Notional value is an estimated measure for the preventative amount saved.

Audit Committee

26 November 2020

**Internal Audit Progress Report Period
Ended 30 September 2020**



**Report of Stephen Carter, Interim 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 2020 to 30 September 2020 as part of the six- month Internal Audit Plan to September 2020.

Executive Summary

- 2 The report provides Members with the progress that has been made in achieving the six-month Internal Audit Plan to September 2020 for the period up to 30 September 2020 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 Reports

Recommendations

- 4 Members are asked to note:
- (a) The amendments made to the six-month Internal Audit Plan;
 - (b) The work undertaken by Internal Audit during the period ending 30 September 2020;
 - (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 six-month Internal Audit Plan, covering the period 1 April 2020 to 30 September 2020, was approved by the Audit Committee on 29 June 2020.

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 2020 and, where applicable, also gives the resultant assurance opinion.
- 8 A summary of the status of audits 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)	3	4	3	0	3
Children and Young People's Services (CYPS) *Excluding Schools	4	1	9	0	5
Neighbourhoods and Climate Change (NCC)	5	1	2	0	9
Regeneration, Economy and Growth (REG)	5	1	3	0	6
Resources (RES)	17	2	21	6	16
Schools	1	0	0	0	8
TOTAL	35	9	38	6	47

- 9 A summary of the final internal audit reports issued in this quarter is presented in Appendix 3.
- 10 The total number of productive days available to Internal Audit during the whole of 2020/21 is 3,456. As at 30 September 2020, the service had delivered 1,691 productive days, representing 49% 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 six-month Internal Audit Plan

- 11 The following 14 reviews were removed from the approved Internal Audit Plan in the quarter, following agreement between Corporate Directors and the Chief Internal Auditor and Corporate Fraud Manager.

Service Grouping	Audit	Audit Type	Reason
Adult and Health Services (AHS)	Direct Payments - Development of a Direct Payment Audit Risk Tool and review of E Wallet for reclaiming surplus DP monies (advice and consultancy)	Advice & Consultancy	This area has been included within the scope of the planned assurance review of Direct Payments
Adult and Health Services (AHS)	Continued Health Care Validation Panel Decision Making Process	Advice & Consultancy	The outbreak of the COVID19 pandemic has resulted in a change in working practices and it has been agreed that this service area will be subject to review in 2021/22.
Adult and Health Services (AHS)	Continuing Health Care	Assurance	The outbreak of the COVID19 pandemic has resulted in a change in working practices and a delay in the launch of Azeus and therefore it has been agreed that this service area will be subject to review in 2021/22.
Adult and Health Services (AHS)	Section 117 Process	Assurance	The outbreak of the COVID19 pandemic has resulted in a change in working practices and a delay in the launch of Azeus and therefore it has been agreed that this service area will be subject to review in 2021/22.
Adult and Health Services (AHS)	Adaptations	Assurance	This review has been deferred and will be subject to review in 2021/22
Children and Young People's Services (CYPS)	In and Out of County Placements	Assurance	This service area will be included within the scope of the planned assurance review of Placement Resource Panel Arrangements.
Children and Young People's Services (CYPS)	Award of Additional Pay in Schools	Assurance	It has been agreed that CYPS Leadership Advisers will review the arrangements in place as part of the scope of their work.
Children and Young People's Services (CYPS)	DfE Collaborative Grant Fund	Grant	This grant funding has finished.

Service Grouping	Audit	Audit Type	Reason
Neighbourhoods and Climate Change (NCC)	Trade Waste	Assurance	Agreed with the service to defer the review to 2021/22 due to a re-prioritisation of resources.
Neighbourhoods and Climate Change (NCC)	Pest Control	Assurance	Agreed with the service to defer the review to 2021/22 due to a re-prioritisation of resources.
Resources (Res)	Cash Management – Crook Customer Access Point (CAP)	Assurance	Defer review to 2021/22 as the CAP has been closed due to the COVID-19 pandemic.
Resources (Res)	Leases	Assurance	Agreed with the service to defer the review to 2021/22 due to a re-prioritisation of resources.
Resources (Res)	Debtors – Outstanding Balances (Extended Testing)	Assurance	Agreed with service to defer to 2021/22 and include in scope of a wider debtors review.
Resources (Res)	MTFP Arrangements	Assurance	Service request to defer to 2021/22 following the Comprehensive Spending Review.

12 Eleven unplanned reviews were added to the six-month Internal Audit Plan in the quarter.

Service Grouping	Audit	Audit Type	Reason
Adult and Health Services (AHS)	Workforce Development Fund	Advice & Consultancy	Review of the arrangements in place to mitigate against the risk of grants not achieving targets, objectives or expected outcomes.
Children and Young People's Services (CYPS)	Coxhoe Children's Home	Assurance	Review of core financial systems agreed with service manager
Children and Young People's Services (CYPS)	Aycliffe Secure Services Physical Security	Assurance	Service manager request to review security arrangements.
Neighbourhoods and Climate Change (NCC)	Durham Heritage Coast	Advice & Consultancy	Service request to carry out an advice and consultancy review of potential unrealised income.
Neighbourhoods and Climate Change (NCC)	Fuel Stocks and Stores	Follow Up	Follow up activity added, following a limited assurance review.

Service Grouping	Audit	Audit Type	Reason
Resources (RES)	Developing School Financial Arrangements	Advice & Consultancy	Service request for Internal Audit to attend the working group.
Resources (RES)	Accessibility Working Group	Advice & Consultancy	Service request for Internal Audit to attend the working group.
Resources (RES)	Company Governance Group	Advice & Consultancy	Service request for Internal Audit to attend the working group.
Resources (RES)	COVID-19: Test and Trace Support Payment Scheme (Two reviews)	Advice & Consultancy and Assurance	Service request for Internal Audit to provide advice and consultancy and assurance work around the implementation of the new scheme.
Resources (RES)	Income Guarantee Return	Grant Certification	Service Request to add income loss certification work to the plan.

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 2020.

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Adult and Health Services (AHS)	2	2	100	4.8
Children and Young People's Services (CYPS) *Excluding Schools	1	1	100	5.0
Neighbourhoods and Climate Change (NCC)	3	3	100	4.5
Regeneration, Economy and Growth (REG)	3	3	100	4.5
Resources (RES)	16	15	94	4.8
Schools	8	3	38	4.1
TOTAL	33	27	82	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 2020, 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)	68	67	1 (1%)	1	0
Children and Young People's Services (CYPS) [Excluding Schools]	197	186	11 (6%)	11	0
Neighbourhoods and Climate Change (NCC)	41	35	6 (15%)	6	0
Regeneration, Economy and Growth (REG)	112	97	15 (13%)	15	0
Resources (RES)	385	354	31 (8%)	31	0
TOTAL	803	739*	64 (8%)	64	0

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

- 17 It is encouraging to note that, of the 803 actions due to be implemented, 739 (92%) 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, which has been issued with a 'limited assurance' opinion. This is summarised in the table below. Further detail on this review is provided in Appendix 7.

Service Grouping	Service Area	Audit
Neighbourhoods and Climate Change (NCC)	Environment	Fuel Stocks and Stores

Performance Indicators

20 A summary of actual performance, as at the end of September 2020, compared with our agreed targets, is detailed in Appendix 5.

Background papers

- Specific Internal Audit reports issued and working papers.

Other useful documents

- Previous Committee reports

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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 and 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 2020

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
2019 / 2020 audits brought forward into six-month plan					
Adult and Health Services	Adult Care	Continuing Health Care Validation Panel Decision Making Process	Advice & Consultancy	Cancelled	
Adult and Health Services	Adult Care	Caldicott Compliance (Social Care Direct - Data Protection)	Assurance	Final	Moderate
Adult and Health Services	Commissioning	Commissioning of Mental Health Services	Assurance	Preparation and Planning	
Adult and Health Services	Commissioning	Commissioning of Domiciliary Care	Assurance	Preparation and Planning	
Adult and Health Services	Commissioning	Commissioning of Learning Disability Services Follow Up	Assurance	Final	N/A
Chief Executive	Communications and Marketing	Policy on Advertising and Sponsorship	Advice and Consultancy	In Progress	
Children and Young People's Services	Children's Social Care	Contract Monitoring Arrangements - Independent Fostering Services	Assurance	In Progress	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Programme - Claim 05 (March 2020)	Grant Certification	Complete	N/A
Children and Young People's Services	Education - Schools	SFVS	Assurance	Complete	N/A
Children and Young People's Services	Education - Schools	Arrangements for the allocation of Pupil Premium Funding and its application in schools	Assurance	In Progress	
Neighbourhoods and Climate Change (NCC)	Environment	Fuel Stocks and Stores	Assurance	Final	Limited
Neighbourhoods and Climate Change (NCC)	Environment	Atlantic Geoparks 1	Grant	Final	N/A
Neighbourhoods and Climate Change (NCC)	Environment	InnovateUK	Grant	Final	N/A
Neighbourhoods and Climate Change (NCC)	Technical Services	Highways Maintenance - Capital Programme	Advice and Consultancy	Final	N/A
Neighbourhoods and Climate Change (NCC)	Partnerships and Community Engagement	Community Grants Sample	Assurance	Final	Moderate
Regeneration, Economy and Growth (REG)	Corporate Property and Land	New Headquarters - Contract Management	Assurance	Preparation and Planning	
Regeneration, Economy and Growth (REG)	Corporate Property and Land	Assets of Community Value	Advice and Consultancy	In Progress	
Regeneration, Economy and Growth (REG)	Culture, Sport and Tourism	Management of Gym Memberships	Advice and Consultancy	Final	N/A
Resources	Legal & Democratic Services	Scheme of Delegation	Assurance	In Progress	
Resources	People and Talent Management	Disciplinary Policy	Assurance	Final	Moderate
Resources	Corporate Finance and Commercial Services	Capital Accounting	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Review of Commercial Services	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Contract Management	Assurance	Draft	
Resources	Finance and Transactional Services	Creditor Payments	Key System	In Progress	
Resources	Finance and Transactional Services	Creditors - Receipting of goods	Key System	Final	Moderate
Resources	Finance and Transactional Services	Creditors - Extended Testing (Exceptions)	Key System	Final	Substantial
Resources	Finance and Transactional Services	Creditors - Extended Testing (Manually scanned invoices paid late)	Key System	Final	Substantial
Resources	Finance and Transactional Services	Creditors - Extended Testing (Holds cleared but invoice not paid)	Key System	Draft	
Resources	Finance and Transactional Services	Creditors - Extended Testing (Unpaid Invoices more than 30 days old)	Key System	Draft	
Resources	Finance and Transactional Services	Payroll	Key System	In Progress	
Resources	Finance and Transactional Services	Payroll: Access to Data - Records	Key System	In Progress	
Resources	Finance and Transactional Services	Payroll - Mileage Expenses	Key System	Final	N/A
Resources	Finance and Transactional Services	Debtors	Key System	In Progress	
Resources	Finance and Transactional Services	Debtors - Extended Testing (Credit Notes)	Key System	In Progress	
Resources	Finance and Transactional Services	Debtors - Extended Testing (Write Offs)	Key System	In Progress	
Resources	Finance and Transactional Services	Debtors - Extended Testing (VAT analysis)	Key System	In Progress	
Resources	Finance and Transactional Services	Debtors - Extended Testing (Outstanding Balances)	Key System	Defer to 2021/22	
Resources	Finance and Transactional Services	Cash Management	Key System	In Progress	
Resources	Finance and Transactional Services	Cash Management - Crook CAP	Key System	Defer to 2021/22	
Resources	Finance and Transactional Services	Cash Management - Bishop Auckland Registrars	Key System	Final	Moderate
Resources	Finance and Transactional Services	Budgetary Control and Financial Reporting	Key System	Draft	
Resources	Finance and Transactional Services	Deputy and Appointee Team - Compliance with Office of Public Guardianship Standards	Assurance	Final	Moderate
Resources	Finance and Transactional Services	Fuel Cards	Assurance	Draft	
Resources	Finance and Transactional Services	Agency System	Assurance	Draft	
Resources	Digital and Customer Services	Vulnerability Management	Assurance	In Progress	
Resources	Digital and Customer Services	ICT Purchasing	Assurance	Not yet started	
Resources	Digital and Customer Services	ICT Governance	Assurance	In Progress	
Resources	Transformation	GDPR Compliance - Data Breaches	Assurance	Final	Moderate
Resources	Transformation	Freedom of Information	Assurance	Final	Moderate
Six-month plan to September 2020					
Adult and Health Services	Adult Care	Direct Payments	Assurance	Preparation and Planning	

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2020

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Adult and Health Services	Adult Care	Direct Payments - Development of a Direct Payment Audit Risk Tool and review of E Wal	Advice & Consultancy	Cancelled	
Adult and Health Services	Adult Care	Continuing Health Care (Deferred from 2019/20)	Assurance	Cancelled	
Adult and Health Services	Adult Care	Section 117 Process (Deferred from 2019/20)	Assurance	Cancelled	
Adult and Health Services	Adult Care	Adaptations - Funded through Disabled Facilities Grant (DFG)	Assurance	Cancelled	
Adult and Health Services	Adult Care	AzeusCare Implementation - Project Board	Advice & Consultancy	In Progress	
Adult and Health Services	Commissioning	Post Contract Arrangements (Deferred from 2019/20)	Assurance	Not yet started	
Adult and Health Services	Commissioning	Integration of Health and Care in County Durham	Advice & Consultancy	In Progress	
Adult and Health Services	Commissioning	Care Academy Governance	Advice & Consultancy	Not yet started	
Adult and Health Services	Public Health	Pharmoutcomes - Data Matching	Advice & Consultancy	In Progress	
Adult and Health Services	Public Health	COVID-19 Test and Trace Service Support Grant	Grant Claim	Not yet started	
Adult and Health Services	Public Health	Staff Flu Programme Project Planning Group	Advice & Consultancy	Complete	N/A
Adult and Health Services	Commissioning	Workforce Development Fund	Grant Claim	Preparation and Planning	
Children and Young People's Services	Children's Social Care	Adoption Payments	Assurance	Preparation and Planning	
Children and Young People's Services	Children's Social Care	Special Guardianship and Child Arrangement Orders (Deferred from 2019/20)	Assurance	In Progress	
Children and Young People's Services	Children's Social Care	Placement Resource Panel (PRP) Arrangements	Advice & Consultancy	In Progress	
Children and Young People's Services	Children's Social Care	Placement Resource Panel (PRP) Arrangements	Assurance	Not yet started	
Children and Young People's Services	Children's Social Care	Liquidlogic - Board Meetings	Advice & Consultancy	In Progress	
Children and Young People's Services	Children's Social Care	Liquidlogic Developments	Advice & Consultancy	In Progress	
Children and Young People's Services	Commissioning	In & Out of County Placements	Assurance	Cancelled	
Children and Young People's Services	Commissioning	Home to School Transport Review	Advice & Consultancy	Not yet started	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Programme: Claim 01 - June 2020	Grant Certification	Complete	N/A
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Programme: Claim 02 - September 2021	Grant Certification	Complete	N/A
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Data Cleansing and Claim Return Administration Process	Advice & Consultancy	In Progress	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Support Packages Working Group	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Education and Skills	Academy Transfer Arrangements	Assurance	Not yet started	
Children and Young People's Services	Operational Support	Caldicott Group	Advice & Consultancy	In Progress	
Children and Young People's Services	Education - Schools	School Programme (governance and financial management)	Assurance	4 Substantial 3 Moderate 1 Limited 0 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	10 Complete	N/A
Children and Young People's Services	Children's Social Care	Coxhoe Children's Home	Assurance	Not yet started	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Aycliffe Secure Services - Physical Security	Assurance	In progress	
Neighbourhoods and Climate Change (NCC)	Community Protection Services	Fees and Charges	Assurance	Not yet started	
Neighbourhoods and Climate Change (NCC)	Community Protection Services	Civil Penalties	Assurance	Not yet started	
Neighbourhoods and Climate Change (NCC)	Environment	Utility Bills - Contract Management (Deferred from 2019/20)	Assurance	Not yet started	
Neighbourhoods and Climate Change (NCC)	Environment	Rebus (Claim 1)	Grant	Final	N/A
Neighbourhoods and Climate Change (NCC)	Environment	ACONB Partnership - Atlantic Geoparks (Claim 1)	Grant	Not yet started	
Neighbourhoods and Climate Change (NCC)	Environment	Carbon Connects (Claim 1)	Grant	Final	N/A
Neighbourhoods and Climate Change (NCC)	Environment	SME Power (Claim 1)	Grant	Final	N/A
Neighbourhoods and Climate Change (NCC)	Environment	Trade Waste	Assurance	Defer to 2021/22	
Neighbourhoods and Climate Change (NCC)	Environment	Pest Control	Assurance	Defer to 2021/22	
Neighbourhoods and Climate Change (NCC)	Technical Services	Local Transport Capital Block funding for NECA	Grant	Final	N/A
Neighbourhoods and Climate Change (NCC)	Technical Services	Plant Returns	Assurance	In Progress	
Neighbourhoods and Climate Change (NCC)	Partnerships and Community Engagement	Community Grants Sample (COVID-19 Area Budgets)	Assurance	Preparation and Planning	
Neighbourhoods and Climate Change (NCC)	Environment	Durham Heritage Coast	Advice and Consultancy	In Progress	
Neighbourhoods and Climate Change (NCC)	Environment	Fuel Stocks and Stores	Follow Up	Not Yet Started	
Regeneration, Economy and Growth (REG)	Corporate Property and Land	Asset Valuation - Pre Valuation Data Quality Checks	Assurance	Final	Substantial
Regeneration, Economy and Growth (REG)	Development & Housing	Section 106	Assurance	Not yet started	
Regeneration, Economy and Growth (REG)	Development & Housing	Bishop Auckland Heritage Action Zone	Grant	Final	N/A
Regeneration, Economy and Growth (REG)	Development & Housing	Disabled Facilities Grant	Grant	Final	N/A
Regeneration, Economy and Growth (REG)	Business Durham	County Durham Growth Fund	Assurance	Not yet started	
Regeneration, Economy and Growth (REG)	Business Durham	Local Growth Fund - Durham City Incubator (Salvus House)	Grant	Not yet started	
Regeneration, Economy and Growth (REG)	Business Durham	Stephanie (Claim 1)	Grant	Not yet started	

INTERNAL AUDIT PLAN PROGRESS AS AT 30 SEPTEMBER 2020

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Regeneration, Economy and Growth (REG)	Transport and Contract Services	Local Transport Capital Block Funding	Grant	Final	N/A
Regeneration, Economy and Growth (REG)	Transport and Contract Services	Bus Subsidy Ring Fenced Grant	Grant	In Progress	
Regeneration, Economy and Growth (REG)	Transport and Contract Services	On Street and Off Street Parking	Assurance	Not yet started	
Regeneration, Economy and Growth (REG)	Culture, Sport and Tourism	CLUK Income Share Agreement	Assurance	In Progress	
Regeneration, Economy and Growth (REG)	Development & Housing	Property Re-Purpose Loans	Advice and Consultancy	Final	N/A
Resources	Legal & Democratic Services	Fee Recovery	Advice and Consultancy	Preparation and Planning	
Resources	Corporate Finance and Commercial Services	MTFP Arrangements	Assurance	Defer to 2021/22	
Resources	Corporate Finance and Commercial Services	Journal Transfers	Key System	Final	Substantial
Resources	Corporate Finance and Commercial Services	Bank Reconciliation	Key System	Final	Substantial
Resources	Corporate Finance and Commercial Services	Short Term Investments	Key System	In Progress	
Resources	Corporate Finance and Commercial Services	Finance Durham	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Leases	Assurance	Defer to 2021/22	
Resources	Finance and Transactional Services	Section 256 Agreements	Grant	Not yet started	
Resources	Finance and Transactional Services	Revenues and Benefits Reconciliations	Assurance	Final	Substantial
Resources	Finance and Transactional Services	Enforcement Programme Board	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Better Care Fund and Improved BCF	Grant	Not yet started	
Resources	Finance and Transactional Services	Creditors - Supplier Masterfile (Defered from 2019/20)	Key System	Final	Substantial
Resources	Finance and Transactional Services	Creditors - Processing of Payments through Azeus	Assurance	Not yet started	
Resources	Finance and Transactional Services	Procurement Cards - Projects	Assurance	In Progress	
Resources	Finance and Transactional Services	Payroll - Recruitment and Selection: Identification Verification	Key System	Not yet started	
Resources	Finance and Transactional Services	Welfare Rights	Follow Up	Not yet started	
Resources	Finance and Transactional Services	Cash Management	Key System	Not yet started	
Resources	Digital and Customer Services	IT Asset Management	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	Backup Procedures	Assurance	Preparation and Planning	
Resources	Digital and Customer Services	Software Licences	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	Digital Durham	Grant	Final	N/A
Resources	Strategy	Police and Crime Panel	Grant	Final	N/A
Resources	Transformation	Local Transport Revenue Block Funding (Blue Badge New Criteria Implementation)	Grant	Final	N/A
Resources	Corporate Finance and Commercial Services	COVID-19 Procurement Analysis	Assurance	Not yet started	
Resources	Finance and Transactional Services	COVID-19 Expenditure Analysis	Assurance	In Progress	
Resources	Finance and Transactional Services	COVID-19 Small Business Rates Relief	Assurance	Not yet started	
Resources	Finance and Transactional Services	COVID-19 Business Rates 5% Discretionary Scheme	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	COVID-19 Retail, Hospitality and Leisure Grant Fund	Assurance	Not yet started	
Resources	Finance and Transactional Services	COVID-19 Council Tax Reduction Hardship Scheme	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Developing School Financial Arrangements	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	Accessibility Working Group	Advice and Consultancy	In Progress	
Resources	Legal & Democratic Services	Company Governance Group	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	COVID-19 Test and Trace Support Payment Scheme	Advice and Consultancy	Not yet started	
Resources	Finance and Transactional Services	COVID-19 Test and Trace Support Payment Scheme	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Income Guarantee Return	Grant	Not yet started	

FINAL REPORTS ISSUED IN PERIOD ENDING 30 SEPTEMBER 2020

AUDIT AREA	BRIEF DESCRIPTION OF SCOPE OF THE AUDIT	FINAL OPINION
ADULT AND HEALTH SERVICES (AHS)		
Commissioning of Learning Disabilities Services	A follow up review of the previous audit, which provided only a Limited Level of Assurance to the systems and controls in place.	N/A
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)		
Troubled Families Programme	Verification of grant claim for: September 2020 (Claim 02 2020/21).	N/A
NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)		
Community Grants	Assurance review of the arrangements in place to mitigate against the risk of grants not achieving targets, objectives or expected outcomes.	Moderate
Fuel Stocks and Stores	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - The levels of fuel stocks not being known; - Fuel stocks are not purchased in line with contract procedure rules; - Access to fuel stocks is not secure; - Fuel stock usage is not adequately monitored; - Fuel equipment is defective; - Fuel stock issue costs are incorrectly and inaccurately coded to services and vehicles. 	Limited
SME Power	Grant Certification	N/A
Carbon Connects	Grant Certification	N/A
Local Transport Capital Block Funding for NECA	Grant Certification	N/A

REGENERATION, ECONOMY AND GROWTH (REG)		
Property Re-Purpose Loans	Advice and consultancy review of the arrangements in place for achieving the scheme's objectives.	N/A
Management of Gym Memberships	Advice and consultancy review of the arrangements in place for reviewing debts raised for gym and swim memberships to ensure that all amounts due had been charged and paid.	N/A
Asset Valuation: Pre- Valuation Data Quality Checks	Assurance review of the arrangements in place to mitigate against the risk of material misstatement of the value of assets in the statement of accounts.	Substantial
Disabled Facilities Grant	Grant Certification	N/A
Local Transport Capital Block Funding	Grant Certification	N/A

RESOURCES (Res)		
Creditors – Supplier Masterfile	Assurance review of the arrangements in place to mitigate against the risk of the Supplier Masterfile containing duplicate or inaccurate data, leading to payment errors.	Substantial
Pension Fund – Bank Reconciliation	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Material errors or fraudulent activities within the bank account or the General Ledger are not identified and corrected in a timely manner; - Theft or misuse of Pension Fund monies or bank accounts; - Transaction errors made by the bank go unnoticed; - Inaccurate or misleading financial information; - Performance is not properly managed or monitored. 	Substantial
Pension Fund – Payroll	Assurance review of the arrangements in place to mitigate against the risk of pension payments being inaccurate or not being paid promptly.	Substantial
Bank Reconciliation	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Material errors or fraudulent activities within the bank account or the General Ledger are not identified and corrected in a timely manner; - Theft or misuse of Council monies or bank accounts; - Transaction errors made by the bank go unnoticed; - Inaccurate or misleading financial information; - Performance is not properly managed or monitored. 	Substantial

RESOURCES (Res) Contd.		
Creditors – Manually scanned invoices paid late (Extended Testing)	Assurance review of the arrangements in place to mitigate against the risk of invoices being paid late.	Substantial
Creditors – Exceptions (Extended Testing)	Assurance review of the arrangements in place to mitigate against the risk invoices being incorrectly processed as exceptions to the purchase order process.	Substantial
Revenues and Benefits Reconciliations	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Material errors / fraudulent activities within feeder systems and the General Ledger are not identified and corrected; - Performance is not properly managed or monitored. 	Substantial
Journal Transfers	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Journals are entered incorrectly; - Journals contain insufficient information, and / or evidence, for users to identify their purpose; - Journals are duplicated; - Journals are created by unauthorised staff; - Inefficient use of resources. 	Substantial
GDPR Compliance – Data Breaches	Assurance review of the arrangements in place to mitigate against the risk of non-compliance with the Data Protection Act 2018.	Moderate
Disciplinary Policy	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - An employee is not disciplined in line with the Disciplinary Policy; - Investigations are not undertaken in line with the Disciplinary Policy; - Disciplinary hearings are not undertaken in line with the Disciplinary Policy; - Performance hearings are not undertaken in line with the Disciplinary Policy; - Appeals are not handled in line with the Appeal Policy. 	Moderate
Freedom of Information	Assurance review of the arrangements in place to mitigate against the risk of non-compliance with the Freedom of Information Act 2000.	Moderate

	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	0	0	0
Medium	19	19	0	0	0
Total	29	29	0	0	0
2018/19					
High	0	0	0	0	0
Medium	36	36	0	0	0
Total	36	36	0	0	0
2019/20					
High	0	0	0	0	0
Medium	3	2	1	1	0
Total	3	2	1	1	0
2020/21					
High	0	0	0	0	0
Medium	0	0	0	0	0
Total	0	0	0	0	0
Overall Total	68	67	1	1	0
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)					
2017/18					
High	2	2	0	0	0
Medium	63	61	2	2	0
Total	65	63	2	2	0
2018/19					
High	1	1	0	0	0
Medium	73	72	1	1	0
Total	74	73	1	1	0
2019/20					
High	0	0	0	0	0
Medium	58	50	8	8	0
Total	58	50	8	8	0
2020/21					
High	0	0	0	0	0
Medium	0	0	0	0	0
Total	0	0	0	0	0
Overall Total	197	186	11	11	0
NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)					
2018/19					
High	0	0	0	0	0
Medium	17	17	0	0	0
Total	17	17	0	0	0
2019/20					
High	0	0	0	0	0
Medium	11	9	2	2	0
Total	11	9	2	2	0
2020/21					
High	1	0	1	1	0
Medium	12	9	3	3	0
Total	13	9	4	4	0
Overall Total	41	35	6	6	0
REGENERATION, ECONOMY AND GROWTH (REG)					
2017/18					
High	0	0	0	0	0
Medium	35	33	2	2	0
Total	35	33	2	2	0
2018/19					
High	0	0	0	0	0
Medium	33	29	4	4	0
Total	33	29	4	4	0
2019/20					
High	2	2	0	0	0
Medium	39	30	9	9	0
Total	41	32	9	9	0
2020/21					
High	0	0	0	0	0
Medium	3	3	0	0	0
Total	3	3	0	0	0
Overall Total	112	97	15	15	0
RESOURCES (RES)					
2017/18					
High	9	9	0	0	0
Medium	146	145	1	1	0
Total	155	154	1	1	0
2018/19					
High	3	3	0	0	0
Medium	106	100	6	6	0
Total	109	103	6	6	0
2019/20					
High	0	0	0	0	0
Medium	103	84	19	19	0
Total	103	84	19	19	0
2020/21					
High	0	0	0	0	0
Medium	18	13	5	5	0
Total	18	13	5	5	0
Overall Total	385	354	31	31	0
TOTAL COUNCIL					
2017/18					
High	21	21	0	0	0
Medium	263	258	5	5	0
Total	284	279	5	5	0
2018/19					
High	4	4	0	0	0
Medium	265	254	11	11	0
Total	269	258	11	11	0
2019/20					
High	2	2	0	0	0
Medium	214	175	39	39	0
Total	216	177	39	39	0
2020/21					
High	1	0	1	1	0
Medium	33	25	8	8	0
Total	34	25	9	9	0
OVERALL TOTAL	803	739	64	64	0

Performance Indicators as at 30 September 2020

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)	49% at 30 September 2020
Timeliness of Draft Reports	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview	90% (Quarterly)	100% (28 out of 28)
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response	95% (Quarterly)	100% (32 out of 32)
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)	82%
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

Audit Committee

26 November 2020

**Six-Month Internal Audit Plan: 01
October 2020 to 31 March 2021**



**Report of Stephen Carter, Interim Chief Internal Auditor and
Corporate Fraud Manager**

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To submit the Six-Month Internal Audit Plan for the period from 01 October 2020 to 31 March 2021.

Executive Summary

- 2 The first Six-Month Internal Audit Plan, for the period up to 30 September 2020, was presented to Audit Committee on 29 June 2020. This report sets out the proposed second Six-Month Internal Audit Plan for the period 01 October 2020 to 31 March 2021, with the detail included in Appendix 2. Note that Appendix 2 also includes the approved first Six-Month Internal Audit Plan for information.

Recommendation

- 3 It is recommended that Members approve the proposed second Six-Month Internal Audit Plan, for the period 01 October 2020 to 31 March 2021, as detailed in Appendix 2.

Background

- 4 The COVID-19 pandemic led to the Internal Audit Service having to re-prioritise the work which had originally been agreed with services for the whole of 2020/21. To enable the Internal Audit Service to do this, it was agreed to develop a six-month audit plan up to the end of September, to be followed by a further six-month audit plan for the remainder of 2020/21.
- 5 However, there have been several issues in being able to deliver the first six-month plan in the timescales originally planned. These issues include; additional testing of core financial systems data carried out, additional assurance work having to be carried out directly related to COVID related payments, audit testing taking longer as a result of having to work remotely and the redeployment of staff from our service to other front line services during the early stages of the pandemic.

Six-Month Plan for 01 October 2020 to 31 March 2021

- 6 The proposed Six-Month Internal Audit Plan up to 31 March 2021, attached at Appendix 2, includes provision for:
 - (a) Work that was approved in the 2019/2020 audit plan that was deferred and carried forward;
 - (b) Planned assurance work scheduled from the 5-year strategic audit plan;
 - (c) Annual due diligence on key systems and compliance with key corporate policies;
 - (d) Service requests identified through the consultation process with senior management;
 - (e) Grant certification work;
 - (f) Corporate provision for reactive advice and consultancy work and new emerging risks;
 - (g) Corporate provision for planning, quality assurance and reporting;
 - (h) Follow up of agreed audit recommendations.

- 7 Operational risks are those that arise directly from the core activities of delivering services and include:
- (a) Financial Management Risks;
 - (b) Project Risks;
 - (c) Performance Management Risks;
 - (d) Partnership Risks;
 - (e) Human Resources Risks;
 - (f) IT and Information Governance Risks;
 - (g) Procurement and Contract Risks;
 - (h) Legal Risks;
 - (i) Service Specific Risks.
- 8 In evaluating the management of these risks, Internal Audit aims to help the achievement of corporate priorities and objectives by providing assurance on:
- (a) The adequacy of risk identification, assessment and mitigation – including the adequacy and effectiveness of the strategic risk management process;
 - (b) The adequacy and application of controls to mitigate identified risk;
 - (c) The adequacy and extent of compliance with the Council’s corporate governance framework;
 - (d) The extent of compliance with relevant legislation;
 - (e) The extent to which the Council’s assets and interests are accounted for and safeguarded from loss of all kinds including fraud, waste, extravagance, inefficient administration and poor value for money;
 - (f) The quality and integrity of financial and other management information utilised within the Council.
- 9 In accordance with the Internal Audit Strategy, in consultation with Heads of Service and nominated service manager or key contact, the Service will prepare an agreed Terms of Reference prior to the start of each planned audit and where applicable a Control Risk Assessment (CRA) so as to:

- (a) Inform the scope for audit;
 - (b) Identify and agree key service/system operational objectives;
 - (c) Assess and agree key risks;
 - (d) Identify and agree expected/existing key controls;
 - (e) Identify other key sources of assurance and what assurance they provide that risks are effectively managed;
 - (f) Identify key stakeholders/contacts and circulation list for report;
 - (g) Provide a mechanism for ongoing self-assessment post audit.
- 10 The Service will make all reasonable endeavours to schedule audit work within the timing preference expressed by services, but inevitably this may not always be possible due to the practicalities of scheduling work across all service groupings to match estimated audit resources available.
- 11 Given the continuous extent of the transformation and change agenda with which the Council is faced at this time, it is particularly important that the audit plan is flexible and allows for the service to be pro-active in supporting management in the consideration of control issues relating to new or emerging risks.
- 12 Service requests are actively encouraged and will be considered in relation to the risk and the type of audit work required, e.g. control design and/or compliance assurance, grant certification work, advice and consultancy etc. and whether or not the service has the necessary skills and resources to undertake the work requested.
- 13 It is always the preference for Internal Audit to be involved in any changes to systems to advise on the appropriate controls before they are implemented rather than potentially auditing a system in retrospect that then requires any improvements.
- 14 Any proposals to amend approved plans will be discussed and agreed with Corporate Directors and any significant changes will be reported to the Audit Committee for approval.

Delivery of the Internal Audit Plan up to 31 March 2021

- 15 The productive audit days required to deliver the proposed six-month audit plan, up to 31 March 2021, has been estimated to be 1,277 days, which are allocated as shown in the table below.

Audit days required to complete and close audit reports relating to the first six months of 2020/21	362
<u>Audit Plan from October 2020 to March 2021</u>	
Adult and Health Services (AHS)	37
Children and Young People Service (CYPS)	31
Neighbourhoods and Climate Change (NCC)	37
Regeneration, Economy and Growth (REG)	45.5
Resources (RES)	113
Schools	237.5
Durham Police and Crime Commissioner / Durham Constabulary	138
Durham and Darlington Fire & Rescue Authority	51
Pension Fund	40
Beamish Museum	55
Durham Crematorium	19
Mountsett Crematorium	19
Peterlee Town Council	25
Spennymoor Town Council	20
Shotton Parish Council	0.5
Hornden Parish Council	7
Monk Hesledon Parish Council	2
Trimdon Parish Council	2.5
Aim High Academy	15
ANEC	20
TOTAL DAYS REQUIRED	1,277

- 16 Monitoring of the plan will continue during the rest of the year, through quarterly progress reporting, to provide feedback on delivery and to discuss any new or emerging risks.

Contact: Stephen Carter Tel: 03000 269665
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 and Heads of Service.

Equality and Diversity / Public Sector Equality Duty

There are no equality and diversity / public sector equality duty implications as a result of this report.

Climate Change

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

Human Rights

There are no human rights implications as a result of this report.

Crime and Disorder

There are no crime and disorder implications as a result of this report.

Staffing

There are no staffing implications as a result of this report.

Accommodation

There are no accommodation implications as a result of this report.

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

There are no procurement implications as a result of this report.

INTERNAL AUDIT PLAN 2020/21

SERVICE GROUPING	AUDIT ACTIVITY	AUDIT TYPE	DAYS
Proposed Six-Month Plan from October 2020 to March 2021			
Adult and Health Services	AzeusCare Implementation - Task Groups	Advice & Consultancy	10.0
Adult and Health Services	Alliance Contracting Steering Group	Advice & Consultancy	2.0
Adult and Health Services	Personalisation – Alternative Commissioning Arrangements (Deferred from 2019/20)	Assurance	10.0
Adult and Health Services	Commissioning of Residential Care	Advice & Consultancy	15.0
Children and Young People's Services	Troubled Families Programme Claim 03 - November 2020 Claim 04 - February 2021	Grant Certification	6.0
Children and Young People's Services	High Needs Budget	Follow Up	5.0
Children and Young People's Services	SFVS	Assurance	5.0
Children and Young People's Services	Governor Training • Internal Audit Role in Supporting Schools • Schools Financial Value Standard – The Governors Role	Advice & Consultancy	3.0
Children and Young People's Services	Developing Financial Management Standards in Durham Schools	Advice & Consultancy	2.0
Children and Young People's Services	Caldicott Compliance	Assurance	10.0
Children and Young People's Services	School Programme	Assurance	147.5
Children and Young People's Services	Private School Funds	Fund Certification	90.0
Neighbourhoods and Climate Change	Charging Arrangements	Advice and Consultancy	10.0
Neighbourhoods and Climate Change	LoCarbo (Claim 1)	Grant	5.0
Neighbourhoods and Climate Change	LoCarbo (Claim 2)	Grant	5.0
Neighbourhoods and Climate Change	Rebus (Claim 2)	Grant	5.0
Neighbourhoods and Climate Change	AONB Partnership - Atlantic Geoparks (Claim 2)	Grant	5.0
Neighbourhoods and Climate Change	Carbon Connects (Claim 2)	Grant	5.0
Neighbourhoods and Climate Change	InnovateUK	Grant	2.0
Regeneration, Economy and Growth	Leisure Centre Timesheets (Follow Up)	Follow Up	2.0
Regeneration, Economy and Growth	Asset Valuation - Valuation Calculations	Assurance	7.5
Regeneration, Economy and Growth	Milburngate Development Governance	Assurance	10.0
Regeneration, Economy and Growth	Business Recovery Grants	Advice and Consultancy	2.0
Regeneration, Economy and Growth	Compliance with Leisure Centre procedures on holidays and TOIL (Deferred from 2019/20)	Assurance	8.0
Regeneration, Economy and Growth	One Life Contract	Assurance	10.0
Regeneration, Economy and Growth	Stanley Bowls	Advice and Consultancy	1.0
Regeneration, Economy and Growth	Theatre Asset / Inventory Review	Advice and Consultancy	5.0
Resources	RIPA Officers group	Advice and Consultancy	1.0
Resources	Potentially Violent Persons Register	Assurance	10.0
Resources	Service Level Agreement Board (SLAB)	Advice and Consultancy	4.0
Resources	Review of SLA Charging Arrangements	Advice and Consultancy	7.0
Resources	Creditors - Overarching Report	Key System	1.0
Resources	Integrated Payments Project Team	Advice and Consultancy	3.0
Resources	Petty Cash and Payment Card Workstream	Advice and Consultancy	5.0
Resources	Payroll - Overarching Report	Key System	1.0
Resources	ResourceLink Programme Board	Advice and Consultancy	2.0
Resources	Payroll - Preparation and Corrections (Deferred from 2019/20)	Key System	10.0
Resources	Business Rates - Overarching Report	Key System	1.0
Resources	Business Rates - Liability	Key System	10.0
Resources	Housing Benefit and Council Tax Reduction - Overarching Report	Key System	1.0
Resources	Housing Benefit and Council Tax Reduction - New Claims and Change in Circumstances	Key System	15.0
Resources	Enforcement Programme Workstreams	Advice and Consultancy	5.0
Resources	Council Tax - Overarching Report	Key System	1.0
Resources	Council Tax - Billing and Refunds	Key System	10.0
Resources	Debtors - Overarching Report	Key System	10.0
Resources	Miscellaneous Income Working Group	Advice and Consultancy	2.0
Resources	Business Continuity for ICT	Assurance	10.0
Resources	Digital Programme Project Management Arrangements	Advice and Consultancy	1.0
Resources	Information Governance Group	Advice and Consultancy	3.0
Approved Six-Month Plan from April 2020 to September 2020			
Adult and Health Services	Direct Payments	Assurance	
Adult and Health Services	Direct Payments - Development of a Direct Payment Audit Risk Tool and review of E Wa	Advice and Consultancy	
Adult and Health Services	Continuing Health Care (Deferred from 2019/20)	Assurance	
Adult and Health Services	Section 117 Process (Deferred from 2019/20)	Assurance	
Adult and Health Services	Adaptations - Funded through Disabled Facilities Grant (DFG)	Assurance	
Adult and Health Services	AzeusCare Implementation - Project Board	Advice and Consultancy	
Adult and Health Services	Post Contract Arrangements (Deferred from 2019/20)	Assurance	
Adult and Health Services	Integration of Health and Care in County Durham	Advice and Consultancy	
Adult and Health Services	Care Academy Governance	Advice and Consultancy	
Adult and Health Services	Pharmoutcomes - Data Matching	Advice and Consultancy	
Adult and Health Services	COVID-19 Test and Trace Service Support Grant	Grant	
Adult and Health Services	Staff Flu Programme Project Planning Group	Advice and Consultancy	
Children and Young People's Services	Adoption Payments	Assurance	
Children and Young People's Services	Special Guardianship and Child Arrangement Orders (Deferred from 2019/20)	Assurance	
Children and Young People's Services	Placement Resource Panel (PRP) Arrangements	Advice and Consultancy	
Children and Young People's Services	Placement Resource Panel (PRP) Arrangements	Assurance	
Children and Young People's Services	Liquidlogic - Board Meetings	Advice and Consultancy	
Children and Young People's Services	Liquidlogic Developments	Advice and Consultancy	
Children and Young People's Services	In & Out of County Placements	Assurance	
Children and Young People's Services	Home to School Transport Review	Advice and Consultancy	
Children and Young People's Services	Troubled Families Programme: Claim 01 - June 2020	Grant	
Children and Young People's Services	Troubled Families Programme: Claim 02 - September 2021	Grant	
Children and Young People's Services	Support Packages Working Group	Advice and Consultancy	
Children and Young People's Services	Academy Transfer Arrangements	Assurance	
Children and Young People's Services	School Programme (governance and financial management)	Assurance	
Children and Young People's Services	Audit of School Voluntary Funds	Fund Certification	

INTERNAL AUDIT PLAN 2020/21

SERVICE GROUPING	AUDIT ACTIVITY	AUDIT TYPE	DAYS
Children and Young People's Services	Caldicott Group	Advice and Consultancy	
Children and Young People's Services	Coxhoe Children's Home	Assurance	
Children and Young People's Services	Aycliffe Secure Services - Physical Security	Assurance	
Neighbourhoods and Climate Change (NCC)	Fees and Charges	Assurance	
Neighbourhoods and Climate Change (NCC)	Civil Penalties	Assurance	
Neighbourhoods and Climate Change (NCC)	Utility Bills - Contract Management (<i>Deferred from 2019/20</i>)	Assurance	
Neighbourhoods and Climate Change (NCC)	Rebus (Claim 1)	Grant	
Neighbourhoods and Climate Change (NCC)	AONB Partnership - Atlantic Geoparks (Claim 1)	Grant	
Neighbourhoods and Climate Change (NCC)	Carbon Connects (Claim 1)	Grant	
Neighbourhoods and Climate Change (NCC)	SME Power (Claim 1)	Grant	
Neighbourhoods and Climate Change (NCC)	Trade Waste	Assurance	
Neighbourhoods and Climate Change (NCC)	Pest Control	Assurance	
Neighbourhoods and Climate Change (NCC)	Local Transport Capital Block funding for NECA	Grant	
Neighbourhoods and Climate Change (NCC)	Plant Returns	Assurance	
Neighbourhoods and Climate Change (NCC)	Community Grants Sample (COVID-19 Area Budgets)	Assurance	
Regeneration, Economy and Growth (REG)	Asset Valuation - Pre Valuation Data Quality Checks	Assurance	
Regeneration, Economy and Growth (REG)	Section 106	Assurance	
Regeneration, Economy and Growth (REG)	Bishop Auckland Heritage Action Zone	Grant	
Regeneration, Economy and Growth (REG)	Disabled Facilities Grant	Grant	
Regeneration, Economy and Growth (REG)	County Durham Growth Fund	Assurance	
Regeneration, Economy and Growth (REG)	Local Growth Fund - Durham City Incubator (Salvus House)	Grant	
Regeneration, Economy and Growth (REG)	Stephanie (Claim 1)	Grant	
Regeneration, Economy and Growth (REG)	Local Transport Capital Block Funding	Grant	
Regeneration, Economy and Growth (REG)	Bus Subsidy Ring Fenced Grant	Grant	
Regeneration, Economy and Growth (REG)	On Street and Off Street Parking	Assurance	
Regeneration, Economy and Growth (REG)	CLUK Income Share Agreement	Assurance	
Regeneration, Economy and Growth (REG)	Property Re-Purpose Loans	Advice and Consultancy	
Resources	Fee Recovery	Advice and Consultancy	
Resources	MTFP Arrangements	Assurance	
Resources	Journal Transfers	Key System	
Resources	Bank Reconciliation	Key System	
Resources	Short Term Investments	Key System	
Resources	Finance Durham	Assurance	
Resources	Leases	Assurance	
Resources	Section 256 Agreements	Grant	
Resources	Revenues and Benefits Reconciliations	Assurance	
Resources	Enforcement Programme Board	Advice and Consultancy	
Resources	Better Care Fund and Improved BCF	Grant	
Resources	Creditors - Supplier Masterfile (<i>Deferred from 2019/20</i>)	Key System	
Resources	Creditors - Processing of Payments through Azeus	Assurance	
Resources	Procurement Cards - Projects	Assurance	
Resources	Payroll - Recruitment and Selection: Identification Verification	Key System	
Resources	Welfare Rights	Follow Up	
Resources	Cash Management	Key System	
Resources	IT Asset Management	Advice and Consultancy	
Resources	Backup Procedures	Assurance	
Resources	Software Licences	Advice and Consultancy	
Resources	Digital Durham	Grant	
Resources	Police and Crime Panel	Grant	
Resources	Local Transport Revenue Block Funding (Blue Badge New Criteria Implementation)	Grant	
Resources	COVID-19 Procurement Analysis	Assurance	
Resources	COVID-19 Expenditure Analysis	Assurance	
Resources	COVID-19 Small Business Rates Relief	Assurance	
Resources	COVID-19 Business Rates 5% Discretionary Scheme	Advice and Consultancy	
Resources	COVID-19 Retail, Hospitality and Leisure Grant Fund	Assurance	
Resources	COVID-19 Council Tax Reduction Hardship Scheme	Assurance	

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