



## **Audit Committee**

**Date** Tuesday 24 May 2022  
**Time** 9.30 am  
**Venue** Council Chamber, County Hall, Durham

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### **Business**

#### **Part A**

#### **Items which are open to the Public and Press**

1. Apologies for absence
2. Minutes of the meeting held on 28 February 2022 (Pages 3 - 10)
3. Declarations of interest, if any
4. 2021/22 Quarter 4 Health, Safety and Wellbeing Performance Report - Report of the Occupational Health and Safety Manager (Pages 11 - 36)
5. Internal Audit Progress Update for Period ended 31 March 2022 - Report of Corporate Director of Resources (Pages 37 - 58)
6. Annual Governance Statement for the year ended 31 March 2021: Actions Update - Report of the Corporate Director of Resources (Pages 59 - 68)
7. Internal Audit Strategy, Charter and Plan 2022/23 - Report of the Chief Internal Auditor and Corporate Fraud Manager (Pages 69 - 114)
8. Bishop Auckland Towns Fund / Future High Streets Fund Governance - Presentation by Interim Head of Planning, Development and Housing (Pages 115 - 126)
9. Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency to warrant consideration
10. 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)**

11. Internal Audit Progress Report for the Period ended 31 March 2022 - Report of Corporate Director of Resources (Pages 127 - 140)
12. 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  
16 May 2022

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

Councillor A Watson (Chair)  
Councillor L Fenwick (Vice-Chair)

Councillors A Jackson, M Johnson, B Kellett, M McGaun,  
R Ormerod and T Smith

#### **Co-opted Members:**

Mr C Robinson and Mr I Rudd

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**Contact: Jo March**

**Tel: 03000 269709**

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## DURHAM COUNTY COUNCIL

At a Meeting of **Audit Committee** held in **Council Chamber, County Hall, Durham** on **Monday 28 February 2022 at 9.30 am**

**Present:**

**Councillor A Watson (Chair)**

**Members of the Committee:**

Councillors L Fenwick (Vice-Chair), M Johnson, B Kellett, M McGaun and T Smith

**Co-opted Members:**

Mr C Robinson and Mr I Rudd

The Chair welcomed the recently appointed, Chief Internal Auditor and Corporate Fraud Manager to the Committee.

On behalf of the Committee, the Chair also expressed thanks to the Finance Manager (Revenue, Pensions and Technical) and the Interim Chief Internal Auditor and Corporate Fraud Manager who were retiring at the end of March, and the Risk and Governance Manager who retired in January.

### **1 Apologies for Absence**

Apologies for absence were received from Councillors A Jackson and R Ormerod.

### **2 Minutes**

The minutes of the meeting held on 29 November 2021 were agreed as a correct record and signed by the Chair.

### **3 Declarations of interest**

There were no declarations of interest.

### **4 2021/22 Quarter 3 Health, Safety and Wellbeing Performance**

The Committee received 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 three 2021/22 (for copy see file of minutes).

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

- Incidents numbers;
- COVID 19 Health and Safety Update;
- Management of Health and Safety Procedures;
- Consultation/Communication;
- Audit and Inspections;
- Fire Incidents and Fire Inspections;
- Open Water Safety;
- Employee Health and Wellbeing;
- Occupational Health Service;
- Management Referrals and Health Surveillance;
- COVID 19 Response;
- Potentially Violent Persons Register
- Health and Safety Related Strategic Risks.

**Resolved:**

That the report be noted.

## **5 Changes to the Code of Practice for Local Authority Accounting in the UK for 2021/22**

The Committee received a report of the Corporate Director of Resources which provided a summary of the key accounting changes in the latest edition of the Code of Practice for Local Authority Accounting in the UK (the Code). These changes apply to the 2021/22 Statement of Accounts (for copy see file of minutes).

Responding to concerns from Mr Robinson in relation to valuations for operational property and plant and equipment, the Finance Manager, Revenue, Pensions and Technical clarified that valuations would continue to be completed by Corporate Land and Property valuers. CIPFA proposals were to pause external professional valuations and introduce a national index that was yet to be determined.

**Resolved:**

That the report be noted.

## **6 Agreement of Accounting Policies for Application in the 2021-22 Financial Statements - Report of Corporate Director of Resources**

The Committee considered a report of the Corporate Director of Resources which provided an update on the County Council's accounting policies to be applied in the preparation of the 2021/22 Statement of Accounts and to seek

confirmation from the Audit Committee that appropriate policies are being applied (for copy see file of minutes).

**Resolved:**

That the recommendations within the report be agreed.

**7 Final Accounts Timetable for the Year Ended 31 March 2022 - Report of Corporate Director of Resources**

The Committee received a report of the Corporate Director of Resources which provided information regarding the Final Accounts timetable for 2021/22. The timetable details the target dates for key actions in order to complete the Statement of Accounts in line with statutory deadlines (for copy see file of minutes).

Mr I Rudd referred to previous issues relating to Members declarations not being received and asked if anything had been done to solve the issue. The Finance Manager explained there was an issue with last years forms regarding former Members who were not standing for re-election. The Corporate Director of Resources highlighted that Members are reminded to have them completed by the deadline and any outstanding declarations would be raised with Group Leaders and that he didn't expect this to be an issue for the 2021/22 reporting period.

**Resolved:**

That the report be noted.

**8 External Audit 2020/21 Progress Report**

The Committee considered a report of the External Auditor which provided an update on progress in delivering responsibilities and provided a summary of recent national reports and publications (for copy see file of minutes).

Mr Collins, Mazars referred to the Auditors Annual report that was reported at the Audit Committee meeting in November 2021 and advised that the National Audit Office would be confirming their requirements shortly. The audit certificate would be issued to formally close the 2020/21 audit when instructions have been received and the required procedures have been completed.

Mr Collins highlighted the Financial Reporting Councils (FRC) findings which reported significant improvements in Mazars audit work.

Mr I Rudd acknowledged the National Audit Office delay in giving instructions which caused the delay in completing the audit, however felt that the FRC findings regarding the timing of audits were contradictory as the NAO seem to be the cause of the delay. Mr Collins explained that the National Audit Office were waiting for the Treasury to resolve issues with their consolidation

software which had resulted in delays in releasing instructions. He clarified that Durham was an outlier and met the deadline, however many other authorities were signed off after the deadline.

Councillor M McGaun noted the number of local authorities that had failed to meet the statutory reporting deadline and commended Durham County Council and Mazars on the excellent work in completing and auditing the accounts within the statutory deadlines.

**Resolved:**

That the report be noted.

**9 External Audit - Durham County Council Audit Strategy Memorandum Year Ending 31 March 2022**

The Committee received a report from the External Auditor explaining the scope of the audit, the risks identified and the procedures that would be performed to deliver the audit for Durham County Council (for copy see file of minutes).

Mr Kirkham, Mazars advised of the key judgement areas, value for money, fees and the approach taken to materiality setting. It was noted that no significant weaknesses had been identified.

**Resolved:**

That the report be noted.

**10 External Audit - Durham County Council Pension Fund Audit Strategy Memorandum Year Ending 31 March 2022**

The Committee received a report from the External Auditor explaining the scope of the audit, the risks identified and the procedures that would be performed to deliver the audit for Durham County Council Pension Fund (for copy see file of minutes).

Mr Kirkham, Mazars advised of the audit approach, significant risks, fees and the approach taken to materiality setting.

Mr Kirkham asked Members to note the 2020/21 fee for Durham County Council Pension Fund audit work which included the core fee, plus fee variation. The proposed fee for 2021/22 would be the same core fee, however it was anticipated there would be additional work following the Financial Reporting Councils (FRC) findings.

**Resolved:**

That the report be noted.

## **11 Corporate Governance Review 2021/22 - Key Dates - Report of Corporate Director of Resources**

The Committee received a report from the Corporate Director of Resources that informed of the key dates for the corporate governance review for the 2021/22 financial year (for copy see file of minutes).

Mr C Robinson referred to external bodies such as Ofsted and the Care Quality Commission and queried how outcomes and assurances from external organisations are reported to the Audit Committee. The Corporate Director of Resources explained that the annual governance statement and the control framework references significant matters around inspection outcomes. The risk management approach adopted also factored these outcomes into the strategic and operational risk register considerations. Individual major inspection outcomes would also be subject to scrutiny reviews and the overall governance and risks identified would be incorporated in the annual governance statement or form individual strategic risks which the audit committee have an oversight of. The improvement actions arising from inspection outcomes were factored into corporate and service planning also.

### **Resolved:**

That the report be noted.

## **12 Strategic Risk Management Progress Report for 2021/22 - Review 3: 1 October – 31 December 2021**

The Committee considered a report from the Corporate Director of Resources which highlighted the strategic risks facing the Council and provided an insight into the work carried out by the Corporate Risk Management Group between October and December 2021 (for copy see file of minutes).

The Principal Risk and Governance Officer provided an update on the changes since the last report. He reported there were nine key risks which included three new risks relating to energy prices, school improvement grants and the national shortage of HGV drivers. He added that the risk in relation to pressures effecting the sustainability and capacity of care providers had been re-evaluated and mitigations identified.

Referring to Mr C Robinson's previous question in relation to external body inspection outcomes, the Corporate Director of Resources added that the overall risk assessment factors in judgements from providers inspections. The overall quality of care that is provided to vulnerable children and adults is a key measure in assessing the overall level of risk and any issues identified by the Care Quality Commission or Ofsted inspections would be escalated and reflected in the risk assessment register.

Mr C Robinson questioned the incidents relating to vulnerable children and adults rated 'possible' and the actions required to change the rating to 'unlikely'. The Corporate Director of Resources clarified that although the likelihood of incidents were rated as 'possible' it was not a reflection of acceptance. He advised that a considerable amount of resources had been invested in the looked after children efficiency strategy and in the social care workforce to ensure a robust response in safeguarding vulnerable children and adults. He added that the service constantly strives for additional assurances, and it was an area that was continually overseen by the Corporate Management Team.

Responding to a query from Councillor Kellett regarding the land slippage near the A690, the Corporate Director of Resources assured the Committee that the area was subject to extensive investigations, regular monitoring and that mitigations were in place. He added that a map highlighting the area of concern would be provided in the next update.

**Resolved:**

That the report provides assurance that strategic risks were being effectively managed within the risk management framework across the Council.

### **13 Risk Management Policy and Strategy**

The Committee considered a report from the Corporate Director of Resources which sought approval of the updated Risk Management Policy and Strategy (for copy see file of minutes).

**Resolved:**

That the revised Risk Management Policy and Strategy be approved.

### **14 Internal Audit Progress Update Report - Period Ended 31 December 2021**

The Committee received a report from the Chief Internal Auditor and Corporate Fraud Manager which provided an update relating to the work that had been carried out by Internal Audit during the period 1 April 2021 to 31 December 2021 as part of the 2021/22 Internal Audit Plan (for copy see file of minutes).

In relation to staffing issues, the Audit Manager confirmed that an appointment has now been made to the position of Senior Auditor and was planned to be in post within a few weeks.

**Resolved:**

That the report be noted.

## **15 Emergent Internal Audit Plan for the period from 01 April 2022 to 31 March 2023**

The Committee considered a report from the Chief Internal Auditor and Corporate Fraud Manager which provided details of the emergent Internal Audit Plan for the period 1 April 2022 to 31 March 2023 which consists of an initial six-month plan for the period 1 April 2022 to 30 September 2022, attached as Appendix 2 and an indicative plan for the second six-month period, from 1 October 2022 to 31 March 2023, attached as Appendix 3. A further report would be presented at the Committee's September meeting for approval of the second six-month plan, from 1 October 2022 to 31 March 2023 (for copy see file of minutes).

### **Resolved:**

That the proposed direction and process for the development of the emergent Internal Audit Plan be noted for formal approval in May 2022. A further report would be presented at the Committee's September 2022 meeting, for the second six-month period of 2022/23, from 01 October 2022 to 31 March 2023.

## **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 - Period Ended 31 December 2021**

The Committee received a report from the Chief Internal Auditor and Corporate Fraud Manager which presented the appendices referenced in the Internal Audit progress report in Part A of the Agenda (for copy see file of minutes).

The Head of Early Help, Inclusion and Vulnerable Children and the Strategic Manager, SEND Strategy provided the Committee with background on the High Needs Block and further detail with regards to progress made in relation to implementing actions identified from the High Needs follow up Audit.

### **Resolved:**

That Appendix 6 and 7 be noted.

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**Audit Committee****24 May 2022****2021/22 Quarter 4 Health, Safety and Wellbeing Performance Report****Report of Resources Service Grouping**

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 Audit Committee on the council's Health, Safety and Wellbeing (HSW) performance for Quarter four 2021/22.

**Executive summary**

3. The government announced further key dates in relation to easing of restrictions and movement towards the 'living with COVID' plan. These significant national changes, particularly around use of face coverings, testing, isolation and contact tracing resulted the Council having to change its workplace COVID control measures. A move to a COVID considerate approach was implemented which was based on choice and personal responsibility.
4. The development of a post COVID revised Health, Safety and Wellbeing strategy which is ready for consultation and implementation will enable the council to refocus on reset priorities for the next three-year period.
5. There were 479 accidents and incidents during quarter four which was increase from 372 in quarter three. The figures for the four quarters indicate a return to previous H&S incident figures pre COVID.
6. There were 3 fire related incidents at Council premises or staffed premises or on-board Council vehicles during Quarter four. These were at Willington Library, Stanley Bus Station and Shildon Leisure centre and Sports Stadium. There were no injuries and limited property damage and actions have been taken following investigations into these incidents. In terms of enforcement activity there was one CDDFRS inspection of Wingate Infants School which resulted in compliance with fire safety legislation.

7. Following an inspection of Durham bus station construction works, the Health and Safety Executive issued an improvement notice. This was in relation to inspection regime for site hoarding and structural calculations not being able to be provided and information regarding being able to withstand foreseeable loads. An immediate response to the notice was provided, including the required structural information and confirmation was given that the notice had been complied with fully and the matter was resolved.
  
8. There was a positive response to the employee health and wellbeing survey, with 2,486 responses in total. Detailed survey outcomes were presented to CMT and service senior management teams and an action plan developed in response to the survey outcomes. The action plan will be delivered through the employee health and wellbeing group.

#### Recommendation(s)

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

**479**

Accidents, incidents and near misses reported  
(372 in Q3, 271 in Q2 2020/21 and 329 in Q1 2020/21)



**95%**

Of all reported accidents are either no injury or near miss



**Main Accident/Incident Causes**



2 RIDDOR 'specified' injury, and 10 over 7 days absence RIDDOR injuries

163 Employees attended statutory Health Surveillance



• Better Health at Work Maintaining Excellence Status



55 psychological work-related incidents in Q4 2020/21, compared to  
- 45 in Q3 2020/21,  
- 36 in Q2 2020/21,  
- 48 in Q1 2020/21.

3 fire related incidents



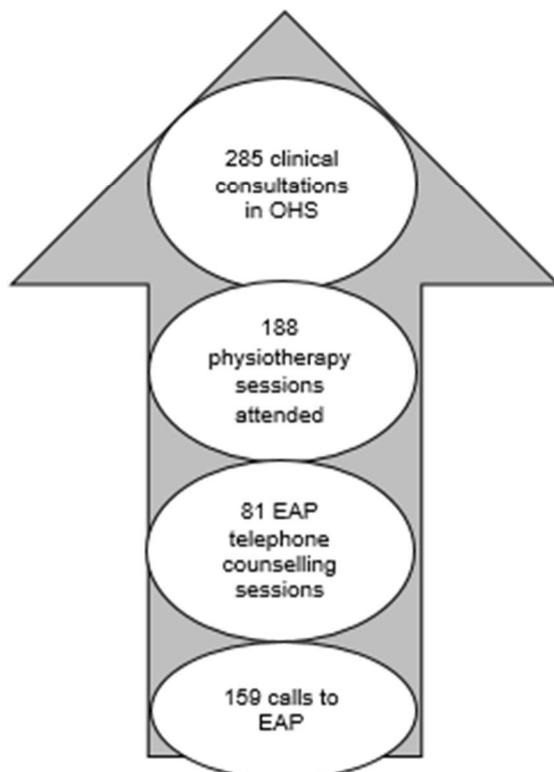
1 CDDFRS inspections of council premises



588 pre-employments/ placement assessments with OHS

**1**

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



## **Background**

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

## **Health, Safety and Wellbeing Strategy Development**

11. A revised Health, Safety and Wellbeing strategy for 2022-2025 has been developed and ready for consultation. This strategy replaces the previous 2017 strategy and focuses on six key areas which are control, compliance, culture, cooperation, competence, and communication. A series of key milestones for each of the indicators has been proposed and subject to consultation will be implemented and monitored through the HSWSG group.

## **COVID 19 H&S Update**

12. During Quarter four, the government announced the 'living with COVID' plan which was aimed at further progression from mandated restrictions to personal choices and safe behaviours, whilst acknowledging that the global pandemic was far from over.
13. A series of key dates were announced in terms of changes to guidance and restriction which led up to the 1 April 2022 and in summary these were:

21 February:

- Removing the guidance for staff and students in most education and childcare settings to undertake twice weekly asymptomatic testing.

24 February:

- Remove the legal requirement to self-isolate following a positive test. Adults and children who test positive will continue to be advised to stay at home and avoid contact with other people for at least 5 full days and then continue to follow the guidance until they have received 2 negative test results on consecutive days.
- No longer ask fully vaccinated close contacts and those aged under 18 to test daily for 7 days and remove the legal requirement for close contacts who are not fully vaccinated to self-isolate.

- End self-isolation support payments, national funding for practical support and the medicine delivery service will no longer be available.
- End routine contact tracing. Contacts will no longer be required to self-isolate or advised to take daily tests.
- End the legal obligation for individuals to tell their employers when they are required to self-isolate.
- Revoke The Health Protection (Coronavirus, Restrictions) (England) (No. 3) Regulations.

24 March:

- Remove the COVID-19 provisions within the Statutory Sick Pay and Employment and Support Allowance regulations.

1 April:

- Remove the current guidance on voluntary COVID-status certification in domestic settings and no longer recommend that certain venues use the NHS COVID Pass.
- Update guidance setting out the ongoing steps that people with COVID-19 should take to minimise contact with other people. This will align with the changes to testing.
- No longer provide free universal symptomatic and asymptomatic testing for the general public in England.
- Consolidate guidance to the public and businesses, in line with public health advice.
- Remove the health and safety requirement for every employer to explicitly consider COVID-19 in their risk assessments.
- Replace the existing set of 'Working Safely' guidance with new public health guidance.

14. As a result of these key changes a series of ongoing communications were provided across the workforce and workplace settings to reflect general guidance changes and any other specific sector guidance changes. The council held a series of strategic manager update sessions to ensure that the government guidance was being understood and implemented.

15. As throughout the previous stages of the pandemic, the Council's approach to risk assessments and safe working practices were reviewed and revised to ensure that risk control measures in workplaces and for work activities remained proportionate and effective. Co2 monitoring continued to be undertaken across a range of Council

workplaces to provide further evidence of effective ventilation control measures and further action where appropriate.

16. Work also commenced in relation to planning for a safe return to workplaces during quarter four and continued with the approach that had been previously proposed during quarter three before the new variant and increased infection rates had halted progress. It was agreed that a corporate approach to a 'COVID considerate' return to workplaces for staff who were not front-line staff and had been working predominantly at home during the pandemic.
17. New hybrid proposals were progressed for a return to workplaces and employee guidance produced during employee consultation ahead of implementation on 28 February 2022. This return model enabled a return of and improved employee interaction, collaboration and engagement whilst maintaining lower levels of occupancy in the majority of workplaces and providing ongoing COVID control measures as a result. A 'COVID considerate' approach was implemented which meant that employees could continue to take a range of COVID related control measures if they chose to, including use of face coverings, hand hygiene, testing and distancing themselves whilst at work where this was achievable.

### **Consultation/Communication**

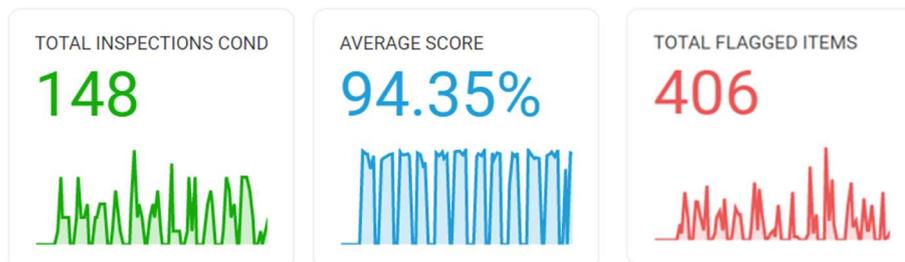
18. Trade Union H&S representatives continue to actively participate in the corporate and service specific H&S meetings. Each service grouping has an established H&S forum that has met since the last HSWG meeting in February 2022. The H&S team continue to undertake, on a priority basis, a range of joint audit and inspection programmes in conjunction with trade union H&S representatives, particularly within NACC and REG.
19. The revised Corporate Health, Safety and Wellbeing strategy and action plan is going through consultation exercises with a view to being implemented in Quarter one of 2022/23. A proposal to undertake a repeat of the 2017 working well survey is also being presented to the Better Health and Work Group and CMT in May 2022.
20. A schools trade union consultation meeting continues to be held on a monthly basis. This meeting is attended by H&S representatives along with officers from CYPS. Whilst the focus of this consultation group has been to ensure the approach to COVID related educational controls are applied, the group will continue to function on non-COVID related educational specific matters going forward.

- Further consultation regarding the welding activity action plan took place during the quarter in response to the revised guidance which was published by the Health and Safety Executive. Biological monitoring was arranged and completed for officers undertaking welding operational activities and arrangements for environmental monitoring put in place.

### Audits and Inspections

- There were a total of 148 audits and inspections undertaken by the H&S team during quarter four.

Chart 1 – Audit and Inspection Activity for Quarter 4.



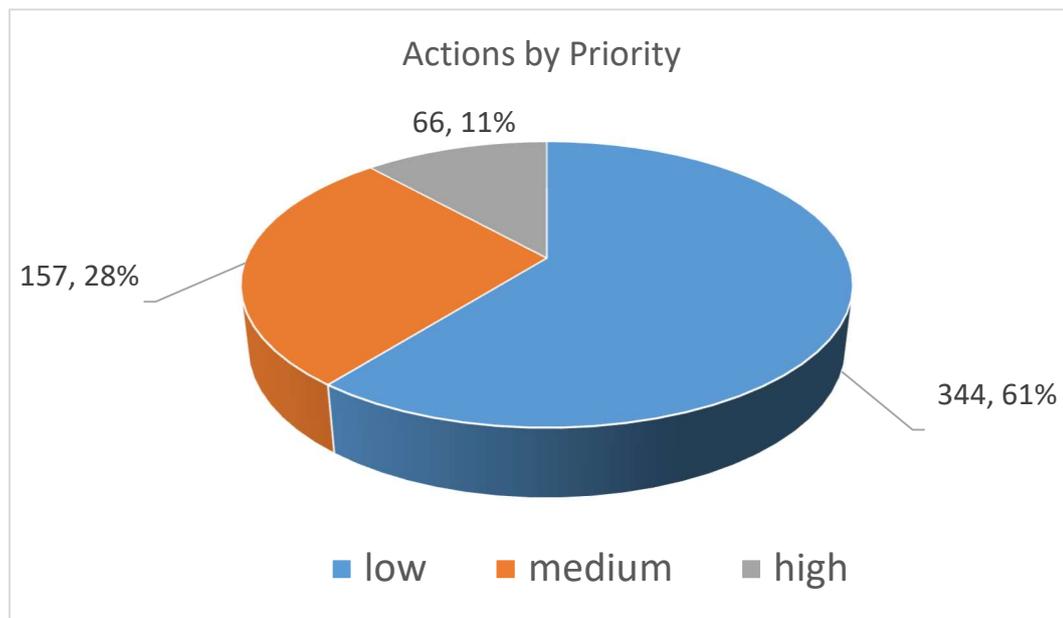
- From the audits undertaken the following headline percentage compliance scores can be determined for each area:

Table 1 Compliance scores

Civil Engineering and Construction Sites	85.80%
Culture and Sport- leisure	95.66%
DCC Fire Safety Audit	94.59%
DCC Schools audits	95.44%
Waste Transfer Stations	98.51%

- From the compliance scoring it must be noted that the majority of non-compliance related issues identified were low to medium low as per below chart 2.

Chart 2 Compliance Actions by Priority



### Fire Incidents

25. There were 3 fire related incidents at Council premises or staffed premises or on-board Council vehicles during Quarter four. These were at Willington Library, Stanley Bus Station and Shildon Leisure centre and Sports Stadium.

#### Willington Library

26. It was reported that between 19:00 and 20:00 hours on Sunday 16 January two youths brought bags of rubbish to the rear of the building and set fire to them. The remains of the fire were evident when staff arrived for work the following day. They reviewed the CCTV footage which showed the incident in full. A similar incident also occurred on Sunday 9 January involving a group of youths setting fire to combustible items. On this occasion a member of the public called the fire service who attended and extinguished the fire.
27. Enquiries with the fire service revealed that they have experienced a high number of secondary fires in the Willington area. They have been engaging with local football teams in the area and discussed the implications of starting secondary fires with them as part of an arson reduction campaign in the area. Both above incidents have been reported to the Police who reviewed the CCTV footage and they identified at least two of the perpetrators. Police enquiries are ongoing.

28. The building has roller shutters to all windows and the front door which are lowered when the building is unoccupied. The library has recently been fitted with exterior CCTV which gives full coverage of the building. However, it was discovered that the picture definition quality of the camera covering the rear of the premises was poor and it's believed that the youths have interfered with this camera possibly by covering the lens with some form of liquid. The DCC security engineer is looking into this problem. It was also identified that a large tree to the northeast corner of the building had branches that had grown allowing youths to gain access to the roof. Arrangements were made to have these branches cut back.

### Stanley Bus Station

29. It was reported that there were two incidents caught on CCTV on 22 and 24 February of female youths igniting the contents of two metal bins which resulted in small fires occurring resulting in minimal damage to the bin liner. No other damage occurred, and the fires were extinguished by bus operators staff pouring water onto them. There were no reported injuries, and the bus operations were not interrupted.
30. The bus station has been the subject of repeated anti-social behaviour by local youths for a considerable time and thus the west wing of the building is closed to the public after 8pm. In addition, the bus concourse is fitted with metal seats and bins. DCC operations staff are present from 7am to 5pm and one of their duties is to regularly empty the bins (at least three times a day) to reduce the number of combustible items in the bins. This practice has resulted in this instance of anti-social behaviour not becoming a more serious fire.
31. The police have been provided with the CCTV footage of the incident and they have identified the persons involved and have spoken to them and their parents. In addition, PCSOs are now patrolling the bus station regularly to monitor and prevent further anti-social behaviour.

### Shildon Leisure Centre and Sports Stadium

32. It was reported that there were two incidents of fires occurring at the above venue on the 21 and 22 March. The first incident occurred out of hours on 21 March at the grass embankment of the sports stadium ground. The second incident occurred on 22 March at 3.30pm when some children informed leisure centre staff that of a fire at the back of the building. Two members of staff investigated and discovered a small

fire in the dry grassed area within the grounds. One member of staff attempted to extinguish the fire with an extinguisher whilst a 999 call was made to the fire service. The fire service attended within 15 minutes and extinguished the fire by drenching the area with water. No services were affected, and members of the public were kept away from the ground floor of the building whilst the fire was extinguished.

33. It is believed that the first fire was started by youths engaging in fire play at the top pitches of the playing fields next to the stadium which spread into the stadium grounds and scorched the grassed embankments, before burning itself out. It is unclear if the second incident was deliberately started by the youths who altered the staff that there was a fire at the rear of the centre or had been started by others. As a result of this incident grounds maintenance staff have cut back ivy that was growing up the side of the sports hall as it was identified that this can be fuel for a fire if further instances of fire occurred in this area. In addition, the premises fire risk assessment has been updated to include the fire incidents and staff have been asked to be vigilant regarding anti-social behaviour.

#### **Fire Inspections – County Durham and Darlington Fire and Rescue Service**

34. There was one Fire and Rescue Service inspection of Council premises during Quarter four. This was at Wingate Infants School. The outcome of the inspection was that the premises were deemed to be broadly compliant with fire safety legislation.

#### **Employee Health and Wellbeing**

35. The employee better health at work group, chaired by Corporate Director Adult and Health Services, met again during this quarter and identified ongoing interventions and communications which were again aimed at raising awareness of support and interventions available and ensuring employees were able to access this where required.
36. Progression with the action plan which was formulated following the completion of the employee health and wellbeing engagement survey which was undertaken as part of the Better Health at Work award. Several campaigns are planned, linking to areas of health and wellbeing including mental wellbeing, physical activity, alcohol awareness, healthy eating, men's, and women's health.
37. The results of the survey were presented to CMT and other service grouping management teams during the quarter. A summary of survey results were:

- A comparable response rate to previous years, with this year being 31% (n =2486). It is a requirement of the BHAWA that an employee wellbeing survey is undertaken biennially with the previous survey being completed in May 2019.
  - Identified the three main areas staff wanted to be addressed this year were Work-life balance (67%), Stress (65%) and Mental Health (54%), which is the same as identified in the previous staff survey in May 2019. Around three quarters of staff (73%) rate their mental wellbeing as 6 or higher, with 1 being the lowest and 10 the highest.
  - 29% report meeting the minimum NHS guidelines for physical exercise in the last seven days (150 minutes or more) and one in four staff report that they eat the minimum recommended amount of fruit and vegetables a day (28%). Just over three quarters of staff (75%) said that they consume alcohol and over half (52%) are aware of the of the lower risk weekly alcohol consumption limit. Around one in fifteen (6%) of responding employees' smoke.
  - During the pandemic, 76% of respondents who worked from home stated that their health and wellbeing was supported. 24% stated that these needs were not supported, citing issues such as support from managers/upper managers, improved workloads, and more welfare checks/1-2-1's, would have improved their health and wellbeing. Those who remained in their usual place of work during the pandemic (12% of total survey respondents) identified areas that would have improved their health and wellbeing as increased managerial contact/support, mental health support time off/leave/staff and workload issues.
38. In preparation and in the lead up to the implementation of the hybrid ways of working there was further promotion of the employee wellbeing portal and employee assistance programme during this quarter to continue to ensure that all employees were aware of support available. As per previous quarters there were a range of senior management led communications promoting safe actions and behaviours and acknowledging the importance of employee health and wellbeing.
39. A proposal to repeat the 2017 employee Working Well survey is being put forward to the better health at work group and CMT in Quarter one 2022. This survey will see a repeat of the HSE's stress management standards 35 question survey in which six key areas of researched causes of work-related stress are focused on and detailed analysis provided. If agreed this survey will be completed and analysed by the end of 2022.

## Occupational Health Service

40. During Quarter 4, 285 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) and Covid. The number of appointments attended in Q4 this year has risen from the Q4, 2020/21 an increase of 68 referrals which represents a 31% increase.

Chart 1

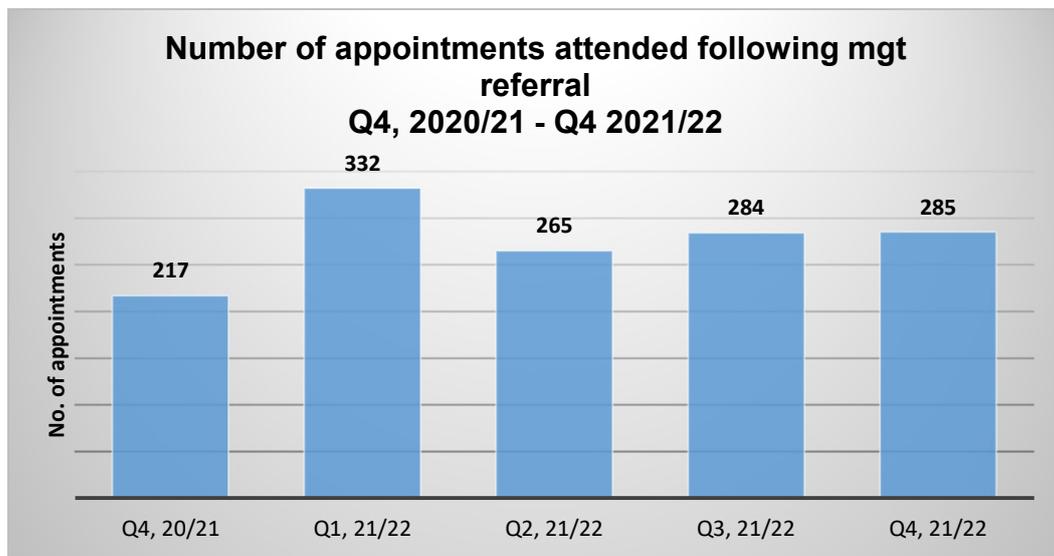
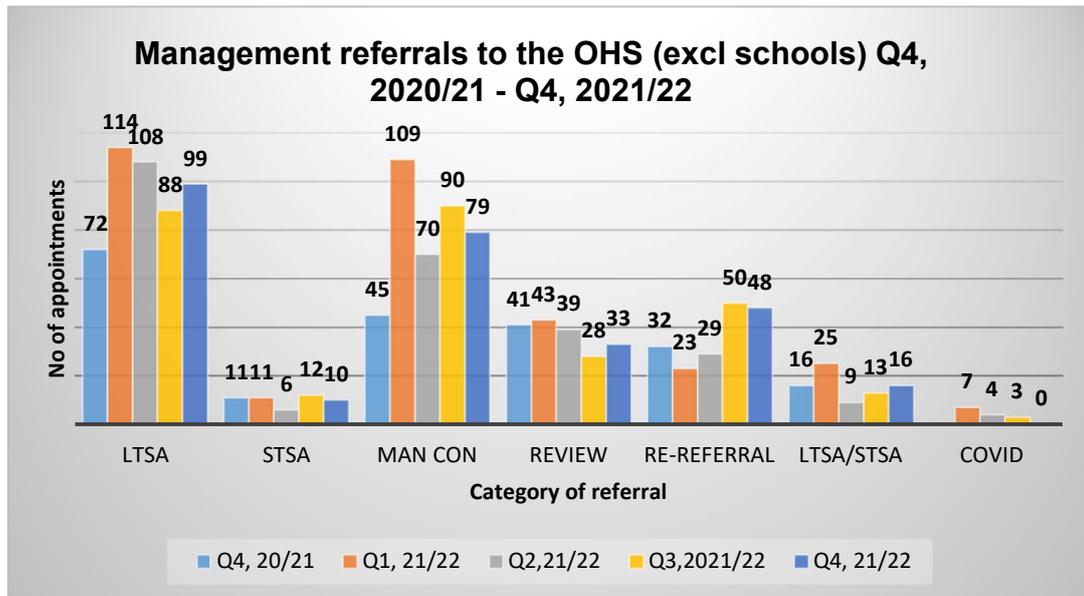


Chart 2 shows the categorisation of management referral appointments attended.

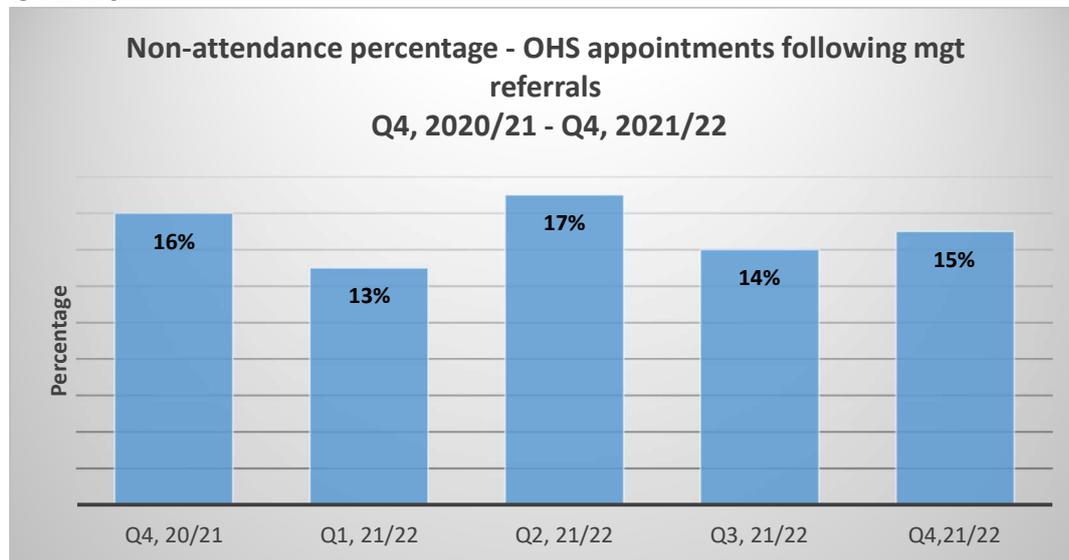
Chart 2



**Management Referrals - Non Attendance**

41. During Q4, 53 employees did not attend their allocated appointment following management referral. This represents a 15% non-attendance rate. See Chart 3

Chart 3



**Management Referrals – Employee Attribution**

42. During Quarter 4, 99 employees were seen for LTSA of which 17% (n=17) stated to the OHS that they consider the underlying cause to be due to work related factors. Of the employees, 94% (n=16) identified

this was due to 'psychological' reasons and 6% (n=1) identified as 'musculoskeletal' See Charts 4 & 7

43. Chart 6 shows the cause of absence categories for non-work related LTSA seen in the OHS, 33% (n=27) were due to psychological reasons; 26% (n=21) were due to musculoskeletal problems; 1% (n=1) was due to respiratory problems and 40% (n=33) was due to other.

Chart 4

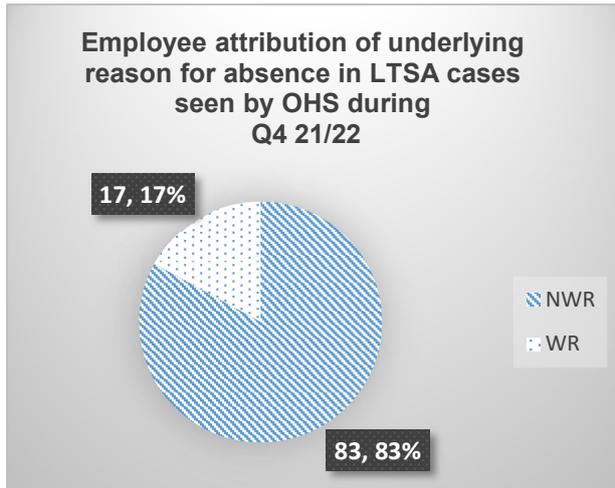


Chart 5

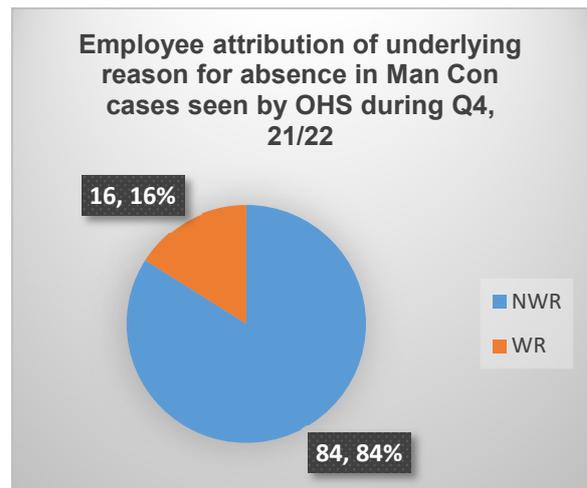


Chart 6

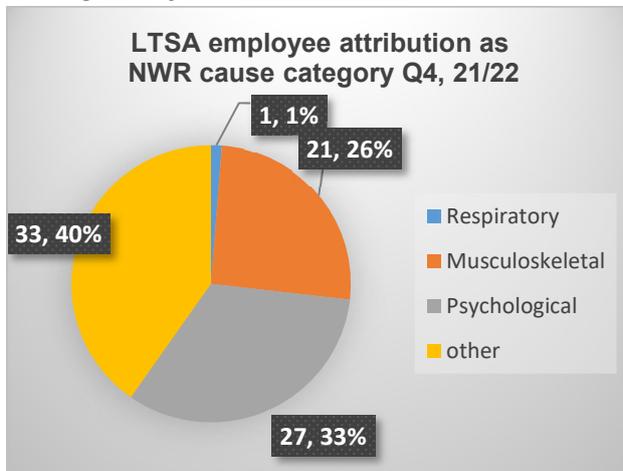
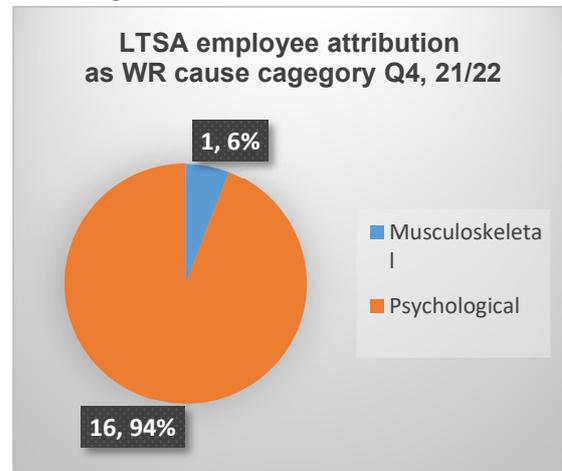


Chart 7



44. During Q4, 79 employees were seen as a management concern, 15% (n=12) of these referrals stated to the OHS that they consider the underlying cause to be due to work related factors. Of the 79 employees seen 58% (n=7) of the work related and 9% (n=6) of the non-work related were due to psychological reasons, by referring to the OHS support, advice and signposting to EAP can be given at an early stage and hopefully prevent an absence from work. Musculoskeletal problems accounted for

27% of non-work related and 25% of work-related management concern referrals, identifying these issues before they result in an absence from work and allow early intervention which could include referral to physiotherapy. Although not all absences are work related, they can have an impact on work and the wellbeing of employees.

Chart 8

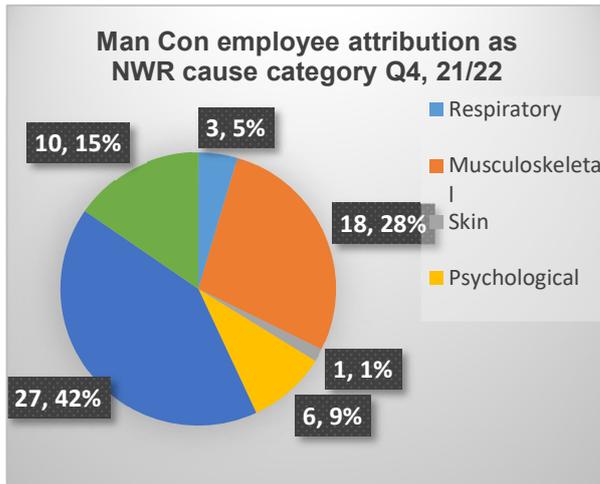
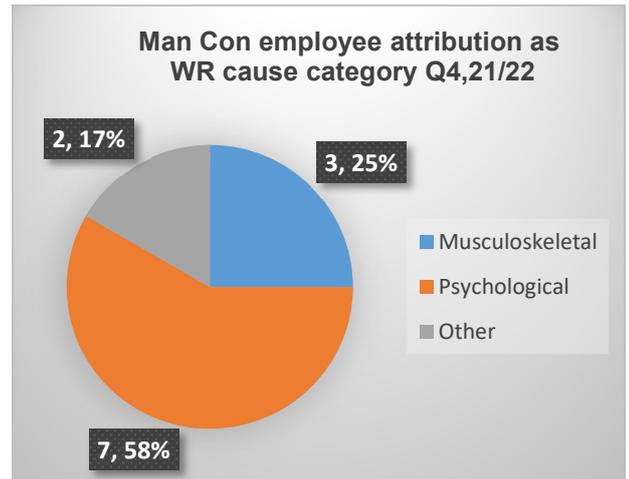


Chart 9



**Support Services**

45. During Quarter 4, 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	Q4	Q3	Q2	Q1	Q4
								21/22	21/22	21/22	21/22	20/21
								Total	Total	Total	Total	Total
Number of routine physiotherapy referrals	12	15	15	7	8	0	-	57	59	46	37	40
Number of routine physiotherapy sessions	35	35	54	35	29	0	-	188	176	126	121	111
Number of 'face to face' counselling referrals	0	0	1	1	0	0	-	2	0	1	1	0
Number of 'face to face' counselling sessions	0	0	0	0	0	0	-	0	0	5	0	0
Total number of calls to the EAP	29	29	9	1	13	0	78	159	125	114	144	128
Telephone EAP structured counselling cases	0	0	0	0	0	0	0	0	77	15	22	18
Telephone EAP structured counselling sessions	0	0	0	0	0	0	0	0	62	29	90	50
Online Counselling Sessions	3	1	0	0	0	0	5	9	10	93	25	-
Online CBT sessions	23	9	0	0	0	0	40	72	46	0	0	-

### Physiotherapy

46. Routine physiotherapy clinics now operate two days per week in the OHS at Annand House under contract with the OHS, the clinics are a

combination of telephone assessments and face to face physiotherapy appointments, should following the physiotherapy initial assessment by telephone the physiotherapist deem this to be clinically required. The physiotherapist has also carried out a workplace assessment to assist with the individual risk assessment for an employee.

47. Q3 data provided by the contracted service has identified that 40% of the referrals for physiotherapy were related to work, it was also reported that 7 of the referrals were reported by the employee to be following a work accident. Going forward further information on any referrals relating to work accidents is to be collated and if any 'hotspot' areas are identified, targeted advice sessions for employees by the physiotherapist can be facilitated.

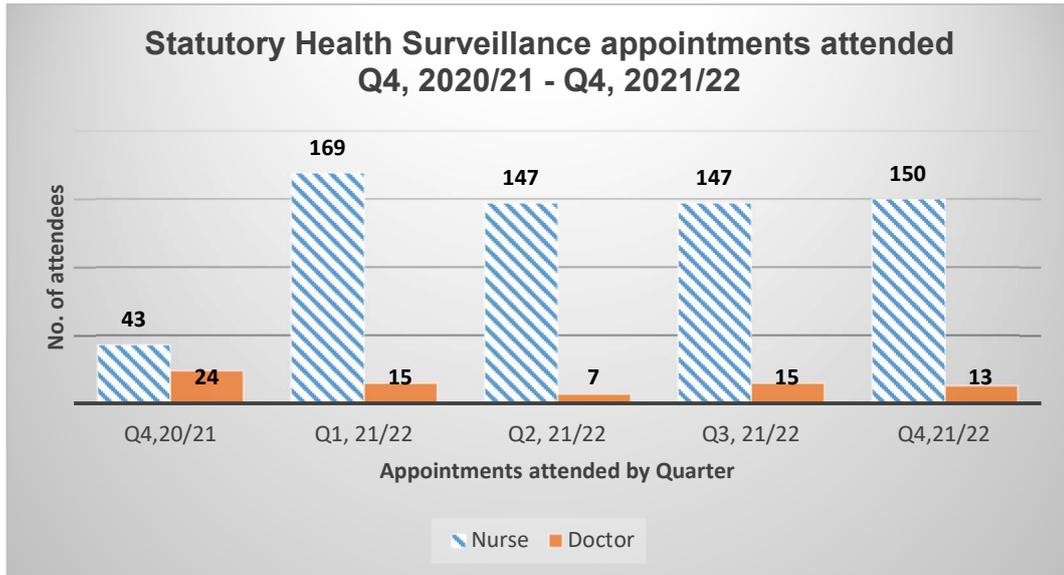
### **Health Surveillance**

48. The OHS continues to provide statutory health surveillance programmes to employees in line with HSE guidelines. The OHS continues to address the backlog of health surveillance created by the pandemic and good progress is being made on this. Some health surveillance clinics have been carried out on site to minimise the effect on service delivery.

### **Welding**

49. New guidance was published by the Health and Safety Executive in February 2020 regarding welding operations, this has led to a DCC Health and Safety Service driven project to revisit risk assessments for areas of the Council undertaking welding activities. The OHS have attended visits to a number of work sites to undertake walkthrough surveys, with a Health and Safety Officer. Biological monitoring is being arranged and a schedule of respiratory health surveillance for those employees identified by the risk assessment is to be arranged.
50. During Quarter 4, a total of 163 employees attended OHS appointments for routine statutory health surveillance, 150 with an Occupational Health Nurse and 13 with the Senior Occupational Health Physician.

Chart 10



### Immunisation

51. During Q4 the OHS have continued to provide Hepatitis B immunisation to employees whose job role has been identified via risk assessment as requiring an offer of Hepatitis B immunisation, administering a total of 46 vaccines.
52. During Q4 there were 2 inoculation incidents, one human bite and one needlestick injury. Appropriate action was taken to support the employees involved including immunisation, follow up blood tests, advice and signposting to the EAP.

<b>Occupational Health Activity Data DCC related activity</b> (note this data does not include Local Authority Maintained Schools).	<b>Q4 2021/22 Total</b>	<b>Q3 21/22 Total</b>	<b>Q2 21/22 Total</b>	<b>Q1 21/22 Total</b>	<b>Q4 20/21 Total</b>
<b>Appointment category</b>					
Pre-Employment/Pre-Placement assessments	588	443	529	464	307
Management referrals seen – Long Term Sickness	99	88	108	114	72
Management referrals seen – Short Term Sickness	10	12	6	11	11
Management Referrals seen -Long/Short Term Sickness	16	13	9	25	16
New Management Concern referrals seen	79	90	70	109	45
Review appointments seen	33	28	39	43	41
Re-referrals seen	48	50	29	23	32
Covid	0	3	4	7	-
Statutory Health Surveillance Assessments Attended (Nurse)	150	147	147	169	43
Music Service	0	0	1	0	0
School Crossing Patroller Routine Medicals	40	7	2	2	17
Driver Medicals (DVLA Group 2) e.g. HGV	14	33	20	13	1
Night Worker assessments (Working Time Regs 1998)	2	0	0	4	5
Immunisations against occupationally related infections	46	8	5	40	29
'Flu' Immunisations	0	415	0	0	0
Inoculation injury OHS Assessments – where injury has been reported to the OHS	2	2	0	0	0
HAVS Postal Questionnaires sent	163	175	52	146	245
HAVS Postal Questionnaires returned percentage rate	42%	50%	50%	40%	67%
Did Not Attend (DNA) for statutory health surveillance appointment (Nurse)	37	29	19	19	11
Music Service DNA	0	0	0	0	0
DNA – Management Referral appointments with the OHS (excluding health surveillance)	53	46	53	51	31

## **Open Water Safety**

53. The City Safety Group and county wide Open Water Safety Group both met during the reporting period. Both groups were supported by multi agency attendance and reviewed plans for risk assessment and controls for open water across the county, including the city centre.
54. The City Safety Group made further progress against its action plan and there was delivery of the independent RoSPA river corridor safety report to the group for consideration following previous assessments in 2015 and 2018. An annual city safety report was produced also which details the work and progress of the group during 2021/2022.
55. The County wide open water safety group also met during Quarter four to review work undertaken across the County in 2021 and plan for future activities and interventions in 2022. A number of open water safety related campaigns and awareness raising initiatives were identified at a national level which are to be utilised by the group across the county by partners in 2022.
56. Further interventions, particularly regarding education and awareness for young people in the Chester-Le-Street riverside complex area were progressed. A further meeting was convened at the request of local councillors and residents group leaders and plans were finalised to provide all schools in this area with the opportunity to have open water safety assemblies, delivered by emergency services and featuring the Councils dying to be cool campaign in which Fiona Gosling presents the educational campaign.
57. Plans were also put in place to ensure that reassessments of priority open water safety sites across the county would be undertaken prior to the peak periods of footfall and seasonal warmer weather. These reassessments will ensure that control measures remain in place from previous assessment outcomes and if any further interventions are required then these will be actioned accordingly.

## **Violence and Aggression – Potentially Violent Persons Register (PVPR)**

58. At the close of Quarter four 2021/22, there were 75 live entries on the PVPR register. The 12 month rolling figures for PVPR live entries are as follows:

Year	Quarter	PVPR live entries
2021/22	1	55
2021/22	2	47
2021/22	3	66
2021/22	4	75
Number of Live Records		75
Number of Additions		24
Number of Removals		14
Number of Warning Letters Sent		8
Number of PVPR Appeals		1

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

- CYPS - 33 viewed 60 times
- AHS - 64 viewed 420 times
- N&CC - 37 viewed 65 times
- REG - 77 viewed 160 times
- RES - 54 viewed 349 times
- Members - 3 viewed 4 times

60. The below tables detail the corporate risk that may have an impact on Health and Safety at the end of April 2022.

### Health and Safety Related Strategic Risks

Ref	Service	Risk	Treatment
1	AHS	Failure/inability to respond to and recover from the <b>COVID-19</b> pandemic, leading to delayed economic recovery and adverse impacts on employee resilience and the health and wellbeing of the wider community.	Treat
2	CYPS	<b>Failure to protect a child</b> from death or serious harm (where service failure is a factor or issue).	Treat
3	REG	Serious injury or loss of life due to Safeguarding failure ( <b>Transport Service</b> )	The current controls are

			considered adequate.
4	AHS	Failure to protect a <b>vulnerable adult</b> from death or serious harm (where service failure is a factor or issue).	Treat
5	NCC	Breach of duty under Civil Contingencies Act by failing to prepare for, respond to and recover from a <b>major incident</b> , leading to a civil emergency.	Treat
6	RES	Serious <b>breach of Health and Safety</b> Legislation	The current controls are considered adequate.
7	REG	Potential serious injury or loss of life due to the Council failing to meet its statutory, regulatory and best practice responsibilities for <b>property and land</b> .	Treat
8	RES	Potential <b>violence and aggression</b> towards members and employees from members of the public	The current controls are considered adequate.
9	NCC	<b>Demand pressures on the Community Protection</b> inspections and interventions arising from the COVID-19 pandemic and the UK exit from the EU may lead to an adverse impact on public health and safety in Co Durham.	Treat

## Statistical Information

61. 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

62. 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

63. 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

64. 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**

65. Planning and preparation for the transition to the removal of COVID mandated restrictions was successful in terms of a structured and safe return to workplaces for employees who had been predominantly working at home throughout the pandemic.
66. The continued resumption of services and activities inevitably meant that accident rates have steadily returned to previous pre COVID levels. Only 2 RIDDOR specified injuries were reported which, in addition to previous quarters, resulted in 5 in total for the year.
67. Whilst concerning to see COVID infection rates increasing across the county and several workplace outbreak control teams being put in place, the health impacts were significantly less and reiteration of the importance of COVID controls was a proportionate and appropriate approach.
68. The development of a revised Corporate Health, Safety and Wellbeing strategy and action plan will enable the council to focus on strategic non COVID related matters and objectives and refocus on this key area during the next three years, syncing with the wider joint strategic needs assessment.
69. The H&S team undertook a positive number of proactive audits and inspections during the quarter and subsequently identified opportunities for improvements and compliance assurance.
70. The council has continued to be proactive in its approach to mental health and wellbeing. Completion of the employee health and wellbeing survey during this quarter enables further insight and intelligence which will be acted upon in 2022.

## **Other useful documents**

71. Occupational Health Quarter four 2021/22 Report
72. Health, Safety and Wellbeing statistical Quarter four 2021/22 report

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## **Appendix 1: Implications**

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

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

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

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

**Climate change**- None

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

**Crime and Disorder** – None.

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

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

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

**Procurement** – None

**Audit Committee**

**24 May 2022**

**Internal Audit Progress Update Report  
Period Ended 31 March 2022**



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**Report of Paul Darby, Corporate Director of Resources**

**Electoral division(s) affected:**

Countywide.

**Purpose of the Report**

- 1 To provide Members of the Audit Committee with an update on the work that has been carried out by Internal Audit during the period 1 April 2021 to 31 March 2022, as part of the 2021/22 Internal Audit Plan.

**Executive Summary**

- 2 The report provides an update on the progress that has been made in achieving the Internal Audit Plan for 2021/22, based on activity during the period up to 31 March 2022 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 any issues where controls need to be improved in order to effectively or better manage risks;
  - (c) Advise of other types of audit work carried out such as grant certification or advice and consultancy reviews where an assurance opinion on the control environment may not be applicable;
  - (d) Advise of any amendments to the Internal Audit Plan previously agreed;
  - (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; and
  - (g) Provide an update on performance against the key performance indicators agreed as part of the Audit Plan.

- 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 31 March 2022;
  - (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 and progress on follow up reviews.

## **Recommendations**

- 4 Members are asked to note:
- (a) The amendments made to the annual Internal Audit Plan 2021/22;
  - (b) The work undertaken by Internal Audit during the period ending 31 March 2022;
  - (c) The performance of the Internal Audit Service during the period; and
  - (d) The progress made by service managers in responding to the work of Internal Audit.

## Background

- 5 As an independent consultancy service, the Council's Internal Audit Team strives to continue to add value and improve the organisation's operations as well as providing objective assurance to service managers and the Council.
- 6 The Internal Audit Plan for 2021/22, covering the period 1 April 2021 to 31 March 2022, was approved by the Audit Committee on 30 June 2021.

## 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 31 March 2022 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)	1	1	2	0	6
Children and Young People's Services (CYPS) *Excluding Schools	0	0	8	0	14
Neighbourhoods and Climate Change (NCC)	0	2	1	0	13
Regeneration, Economy and Growth (REG)	6	2	5	0	24
Resources (RES)	1	10	15	1	40
Schools	0	1	1	3	12
<b>TOTAL</b>	<b>8</b>	<b>16</b>	<b>32</b>	<b>4</b>	<b>109</b>

- 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 2021/22 was originally planned as 3,262. As at 31 March 2022, the service had delivered 2,970 productive days, representing 91% of the total plan. The target at the end of the quarter was for 90% to be delivered, therefore performance is above the target.
- 11 Whilst the overall performance of the service in relation to productive days delivered remains strong, the staffing and operational challenges reported in our previous progress reports have impacted on the delivery of the overall plan for 2021/22. As at 31 March approximately 67% of the plan had been delivered.

## Internal Audit activity in the quarter

### Amendments to the Approved Internal Audit Plan

- 12 As a result of the resource issues within the team, it was necessary to reprioritise activities to be delivered within the 2021/22 plan. The following 12 reviews were therefore 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	Commissioning of Mental Health Services	Assurance	This review has been deferred until 2022/23
Children and Young People's Services	Pupil Referral Unit	Assurance	This review has been deferred until 2023/24
Neighbourhoods and Climate Change	Community Grants	Assurance	Agreed with service to cancel review, as scope of work recently covered by a separate audit.
Neighbourhoods and Climate Change	Renovation for Energy Efficient Buildings (Rebus)	Grant	Certification cancelled as not required for 2021/22.
Regeneration, Economy and Growth	Choice Based Letting Scheme	Advice and Consultancy	Review cancelled as service no longer required the advice and consultancy.
Resources	Unix/Linux Security	Assurance	Service request to defer review to 2023/24 due to ongoing developments in this area.
Resources	ICT Change Management	Assurance	Service request to defer review to 2023/24 due to ongoing developments in this area.

Service Grouping	Audit	Audit Type	Reason
Resources	Financial Assessments	Assurance	Service request to defer review to quarter 1 of 2022/23, due to ongoing system developments.
Resources	Recruitment and Selection: ID Verification	Assurance	Service request to cancel review as it is currently carrying out a much wider review of the whole recruitment and selection process.
Resources	Covid 19 Procurement Analysis	Assurance	Review cancelled as scope of work included in other reviews.
Resources	Off Contract Spend	Assurance	Review cancelled as role to be carried out by Procurement function.
Resources	Data Protection	Assurance	Review cancelled, as scope to be included in general audits, rather than in one specific audit.

13 Five unplanned reviews were added to the Internal Audit Plan in the quarter.

Service Grouping	Audit	Audit Type	Reason
Neighbourhoods and Climate Change	Carbon Connects (2)	Grant	Service request for further certification.
Neighbourhoods and Climate Change	Domestic Vehicle Charging Working Group	Advice and Consultancy	Service request for Internal Audit membership of the working group.
Neighbourhoods and Climate Change	SME Power (Claim 5)	Grant	Service request for further certification.
Regeneration, Economy and Growth	Protect and Vaccinate Grant	Grant	Service request to add certification.
Resources	COVID 19 Omicron – Hospitality and Leisure Grant and ARG Top Up Payments	Advice and Consultancy	Service request to add advice and consultancy review to the audit plan.

## Outstanding Management Responses to Draft Internal Audit Reports

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

## Survey Response Rate

- 15 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 31 March 2022.

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Adult and Health Services (AHS)	2	2	100	4.3
Children and Young People's Services (CYPS) *Excluding Schools	5	4	80	4.9
Neighbourhoods and Climate Change (NCC)	3	3	100	4.7
Regeneration, Economy and Growth (REG)	7	6	86	4.9
Resources (RES)	18	18	100	4.9
Schools	11	6	55	4.5
<b>TOTAL</b>	<b>46</b>	<b>39</b>	<b>85</b>	<b>4.8</b>

## Responses to Internal Audit Findings and Recommendations

- 16 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.
- 17 A summary of progress on the actions due, implemented and overdue, as at 31 March 2022, 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)	9	6	3 (33%)	3	0
Children and Young People's Services (CYPS) [Excluding Schools]	103	100	3 (3%)	3	0
Neighbourhoods and Climate Change (NCC)	43	38	5 (12%)	5	0
Regeneration, Economy and Growth (REG)	59	57	2 (3%)	2	0
Resources (RES)	196	192	4 (2%)	4	0
<b>TOTAL</b>	<b>410</b>	<b>393*</b>	<b>17 (%)</b>	<b>17</b>	<b>0</b>

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

18 It is encouraging to note that, of the 410 actions due to be implemented, 393 (96%) have been implemented. Details of the actions that are overdue, following their agreed original target dates, are included at Appendix 6.

### Limited Assurance Audit Opinions

19 There have been two 'limited assurance' opinion audits issued in the period. These are summarised in the table below. Further detail on these reviews is provided in Appendix 7.

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

### Performance Indicators

20 A summary of actual performance, as at the end of March 2022, 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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**Contact:** Tracy Henderson Tel: 03000 269668

Paul Monaghan Tel: 03000 269662

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## **Appendix 1: Implications**

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### **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 31 MARCH 2022

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
<b>2020 / 2021 audits brought forward into plan</b>					
Adult and Health Services	Adult Care	Azeus Business Readiness Review	Advice and Consultancy	Final	N/A
Children and Young People's Services	Children's Social Care	Special Guardianship and Child Arrangement Orders	Assurance	Final	Limited
Children and Young People's Services	Children's Social Care	Contract Monitoring Arrangements - Independent Fostering Services	Assurance	Final	Moderate
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Data Cleansing and Claim Return Administration	Advice and Consultancy	Final	N/A
Children and Young People's Services	Education and Skills	SFVS	Assurance	Complete	N/A
Children and Young People's Services	Education and Skills	School Attendance Enforcement (Deferred from 2019/20)	Assurance	Final	Substantial
Neighbourhoods and Climate Change	Environment	InnovateUK	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	Fuel Stocks and Stores (Follow Up)	Follow Up	Final	N/A
Neighbourhoods and Climate Change	Environment	Atlantic Geoparks	Grant	Final	N/A
Neighbourhoods and Climate Change	Technical Services	Plant Returns	Assurance	Final	Substantial
Neighbourhoods and Climate Change	Partnerships and Community Engagement	COVID-19 Area Budgets	Assurance	In Progress	
Regeneration, Economy and Growth	Corporate Property and Land	Asset Valuation - Valuation calculations	Assurance	Final	Substantial
Regeneration, Economy and Growth	Corporate Property and Land	Assets of Community Value	Assurance	Final	Substantial
Regeneration, Economy and Growth	Development & Housing	Section 106 Agreement	Assurance	Final	Substantial
Regeneration, Economy and Growth	Transport and Contract Services	Durham Urban Traffic Management and Control (UTMC)	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Horden Rail Station Link	Grant	Final	N/A
Regeneration, Economy and Growth	Culture, Sport and Tourism	Stanley Bowls Club	Audit of Accounts	Final	N/A
Resources	Legal & Democratic Services	Fee Recovery	Advice and Consultancy	Final	N/A
Resources	Corporate Finance and Commercial Services	Potentially Violent Persons Register	Assurance	In Progress	
Resources	Corporate Finance and Commercial Services	Capital Accounting	Assurance	Final	Substantial
Resources	Corporate Finance and Commercial Services	Finance Durham	Assurance	Cancelled	
Resources	Corporate Finance and Commercial Services	Review of SLA Charging Arrangements	Advice and Consultancy	Final	N/A
Resources	Corporate Finance and Commercial Services	Section 256 agreements	Grant	Final	N/A
Resources	Corporate Finance and Commercial Services	Section 75 Agreements - Better Care Fund	Grant	Final	N/A
Resources	Procurement, Sales and Business Services	COVID-19 Procurement Analysis	Assurance	Cancelled	
Resources	Transactional Services	Council Tax - Overarching Report	Key System	Final	Substantial
Resources	Transactional Services	COVID-19 Council Tax Reduction Hardship Scheme	Key System	Final	Substantial
Resources	Transactional Services	Business Rates - Overarching Report	Key System	In Progress	
Resources	Transactional Services	Business Rates - Liability	Key System	In Progress	
Resources	Transactional Services	COVID-19 Small Business Rates Relief	Key System	In Progress	
Resources	Transactional Services	COVID-19 Business Rates 5% Discretionary Scheme	Advice and Consultancy	Final	N/A
Resources	Transactional Services	COVID-19 Retail, Hospitality and Leisure Grant Fund	Key System	In Progress	
Resources	Transactional Services	Housing Benefits and Council Tax Reduction - Overarching Report	Key System	Final	Substantial
Resources	Transactional Services	Housing Benefits and Council Tax Reduction - New Claims & Changes in Circumstances	Key System	Final	Substantial
Resources	Transactional Services	Welfare Rights	Follow Up	Final	N/A
Resources	Transactional Services	Creditors - Overarching Report	Key System	In Progress	
Resources	Transactional Services	Creditors - Processing of Payments through Controcc	Key System	In Progress	
Resources	Transactional Services	School Holidays Meal Voucher Scheme	Advice and Consultancy	Complete	N/A
Resources	Transactional Services	COVID-19 Test and Trace Support Payment Scheme	Assurance	Final	Moderate
Resources	Transactional Services	Covid Winter Fund - Verification Process (February 2021.bf Return)	Advice and Consultancy	Final	N/A
Resources	Transactional Services	Covid Winter Fund - Verification Process (April 2021 Return)	Advice and Consultancy	Final	N/A
Resources	Transactional Services	Procurement Cards - Projects	Assurance	Final	Limited
Resources	Transactional Services	Debtors - Refunds	Key System	In Progress	
Resources	Transactional Services	Income Management	Key System	Final	Substantial
Resources	Digital and Customer Services	Vulnerability Management	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	Backup Procedures	Assurance	Final	Moderate
Resources	Digital and Customer Services	ICT Purchasing	Assurance	Not yet started	
Resources	Digital and Customer Services	Business Continuity for ICT	Assurance	In Progress	
<b>2021/22 plan</b>					
Adult and Health Services	Adult Care	Hawthorn House	Assurance	In Progress	
Adult and Health Services	Adult Care	Direct Payments	Assurance	Defer to 2022/23	
Adult and Health Services	Adult Care	Continuing Health Care and Free Nursing Care	Assurance	Defer to 2022/23	
Adult and Health Services	Adult Care	Section 117 Process	Assurance	Defer to 2022/23	
Adult and Health Services	Adult Care	Social Care Direct	Advice & Consultancy	Cancelled	
Adult and Health Services	Commissioning	Commissioning of Learning Disability Services	Assurance	Not Yet Started	
Adult and Health Services	Commissioning	Commissioning of Domiciliary Care	Assurance	Defer to 2022/23	
Adult and Health Services	Commissioning	Commissioning of Mental Health Services	Assurance	Defer to 2022/23	
Adult and Health Services	Commissioning	Commissioning of Residential Care	Assurance	Defer to 2022/23	
Adult and Health Services	Commissioning	Personalisation - Virtual Budgets	Assurance	Planning and Preparation	
Adult and Health Services	Public Health	COVID-19 Test and Trace Service Support Grant	Grant Claim	Defer to 2022/23	
Adult and Health Services	Public Health	Suicide Early Alert	Assurance	In Progress	
Adult and Health Services	Adult Care	AzeusCare Implementation - Project Board	Advice & Consultancy	Complete	N/A
Adult and Health Services	Adult Care	AzeusCare Implementation - Task Groups	Advice & Consultancy	Complete	N/A
Adult and Health Services	Commissioning	Alliance Contracting Steering Group	Advice & Consultancy	Complete	N/A
Adult and Health Services	Commissioning	Integration of the Health and Care Plan County Durham	Advice & Consultancy	Defer to 2022/23	
Adult and Health Services	Public Health	Pharmoutcomes - Data Matching	Advice & Consultancy	Complete	N/A
Adult and Health Services	Public Health	Public Health Claims processed via Pharmoutcomes	Assurance	Defer to 2022/23	
Adult and Health Services	Public Health	Stop Smoking Service Contract	Assurance	Defer to 2022/23	
Adult and Health Services	Commissioning	Workforce Development Innovation Fund 20/21	Assurance	Final	Substantial
Children and Young People's Services	Children's Social Care	Placement Resource Panel Arrangements	Assurance	Defer to 2022/23	
Children and Young People's Services	Children's Social Care	Adoption Payments	Assurance	Defer to 2022/23	
Children and Young People's Services	Children's Social Care	New Lea Children's Home	Assurance	In Progress	
Children and Young People's Services	Children's Social Care	Moorside Children's Home	Assurance	In Progress	
Children and Young People's Services	Children's Social Care	Hicksted Children's Home	Assurance	In Progress	
Children and Young People's Services	Children's Social Care	Coxhoe Children's Home	Assurance	In Progress	
Children and Young People's Services	Children's Social Care	Local Adoption Governance	Assurance	Defer to 2022/23	
Children and Young People's Services	Commissioning	Disability Commissioning Arrangements (Short Breaks)	Assurance	Defer to 2022/23	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Review of CYPs Locality Office Petty Cash Arrangements	Assurance	Defer to 2022/23	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Family Centres	Assurance	Defer to 2022/23	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	One Point Hubs	Assurance	Defer to 2022/23	
Children and Young People's Services	Education and Skills	Adult Learning and Skills Service	Assurance	In Progress	
Children and Young People's Services	Education and Skills	Durham Supported Employment Service	Assurance	Cancelled	
Children and Young People's Services	Education and Skills	Pupil Referral Unit	Assurance	Defer to 2023/24	
Children and Young People's Services	Education and Skills	Academy Transfer Arrangements	Assurance	Cancelled	
Children and Young People's Services	Education and Skills	Synergy - Audit of access to data arrangements	Assurance	Cancelled	
Children and Young People's Services	Children's Social Care	Supporting Families Programme: Claim 01 - June 2021	Grant Certification	Complete	N/A
Children and Young People's Services	Children's Social Care	Supporting Families Programme: Claim 02 - September 2021	Grant Certification	Complete	N/A
Children and Young People's Services	Children's Social Care	Supporting Families Programme: Claim 03 - December 2021	Grant Certification	Complete	N/A
Children and Young People's Services	Children's Social Care	Supporting Families Programme: Claim 04 - March 2025	Grant Certification	Complete	N/A
Children and Young People's Services	Children's Social Care	Liquidlogic - Board Meetings	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Children's Social Care	Liquidlogic Developments	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Commissioning	Home to School Transport Review	Advice & Consultancy	Defer to 2022/23	
Children and Young People's Services	Commissioning	Home to School Transport Review	Assurance	Defer to 2023/24	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	High Needs Budget	Follow Up	Final	N/A
Children and Young People's Services	Education and Skills	Kickstart	Assurance	Cancelled	
Children and Young People's Services	Education and Skills	Governor Training	Advice & Consultancy	In Progress	
Children and Young People's Services	Education and Skills	Developing Financial Management Standards in Durham Schools	Advice & Consultancy	In Progress	
Children and Young People's Services	Education and Skills	Caldicott Compliance - Review of Youth Justice IT System	Assurance	In Progress	
Children and Young People's Services	Operational Support	Caldicott Group	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Education and Skills	SFVS	Advice & Consultancy	Complete	N/A
Children and Young People's Services	Education - Schools	School Programme (governance and financial management)	Assurance	Substantial - 2 Moderate - 5 Limited - 3 Follow ups - 2	
Children and Young People's Services	Education - Schools	Audit of School Voluntary Funds	Fund Certification	47 Complete	
Children and Young People's Services	Children's Social Care	Special Guardianship and Child Arrangement Orders	Follow Up Review	Defer to 2022/23	
Neighbourhoods and Climate Change	Community Protection Services	Online Licence Applications	Assurance	Planning and Preparation	
Neighbourhoods and Climate Change	Community Protection Services	Fees and Charges	Assurance	Defer to 2022/23	
Neighbourhoods and Climate Change	Community Protection Services	Civil Penalties	Assurance	Defer to 2022/23	
Neighbourhoods and Climate Change	Community Protection Services	Intelligence Handling	Assurance	Planning and Preparation	

## INTERNAL AUDIT PLAN PROGRESS AS AT 31 MARCH 2022

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Neighbourhoods and Climate Change	Community Protection Services	Anti Social Behaviour	Advice and Consultancy	Defer to 2022/23	
Neighbourhoods and Climate Change	Environment	Utility Bills - Contract Management	Assurance	Defer to 2023/24	
Neighbourhoods and Climate Change	Environment	Trade Waste	Assurance	Defer to 2022/23	
Neighbourhoods and Climate Change	Technical Services	Charging Arrangements	Advice and Consultancy	Defer to 2022/23	
Neighbourhoods and Climate Change	Environment	Rebus	Grant	Cancelled	
Neighbourhoods and Climate Change	Environment	Carbon Connects	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	SME Power (Claim 4)	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	InnovateUK	Grant	Cancelled	
Neighbourhoods and Climate Change	Technical Services	Local Transport Capital Block Funding for NECA	Grant	Final	N/A
Neighbourhoods and Climate Change	Partnerships and Community Engagement	Community Grants	Assurance	Cancelled	
Neighbourhoods and Climate Change	Environment	Identification and Disposal of Scrap Waste Metals	Advice and Consultancy	Complete	N/A
Neighbourhoods and Climate Change	Partnerships and Community Engagement	COVID-19 LA Compliance and Enforcement Grant	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	Business Energy Efficiency Project (BEEP)	Advice and Consultancy	Final	N/A
Neighbourhoods and Climate Change	Environment	Carbon Connects (2)	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	Domestic Vehicle Charging Working Group	Advice and Consultancy	Complete	N/A
Neighbourhoods and Climate Change	Environment	SME Power (Claim 5)	Grant	Final	N/A
Regeneration, Economy and Growth	Corporate Property and Land	New Headquarters	Assurance	In Progress	
Regeneration, Economy and Growth	Corporate Property and Land	Milburngate Development Governance	Assurance	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Financial Assistance Policy	Assurance	Not yet started	
Regeneration, Economy and Growth	Development and Housing	Housing Solutions	Assurance	Planning and Preparation	
Regeneration, Economy and Growth	Development & Housing	Local Lettings Agency Governance	Assurance	In Progress	
Regeneration, Economy and Growth	Business Durham	Local Growth Fund - Grow On Space (Explorer)	Grant	Final	N/A
Regeneration, Economy and Growth	Business Durham	County Durham Growth Fund	Assurance	Final	Substantial
Regeneration, Economy and Growth	Transport and Contract Services	On Street and Off Street Parking	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Leisure Centre Timesheets	Follow Up	Final	N/A
Regeneration, Economy and Growth	Culture, Sport and Tourism	Leisure Centre Procedures for holidays and toil	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Events Management	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Learn to Swim	Advice and Consultancy	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	One Life Contract	Assurance	Cancelled	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Gala Hospitality and Catering	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Theatre Asset / Inventory Review	Advice and Consultancy	Defer to 2022/23	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Theatre Asset / Inventory Review	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Corporate Property and Land	Asset Valuation	Assurance	In Progress	
Regeneration, Economy and Growth	Development and Housing	Bishop Auckland Heritage Action Zone	Grant	Final	N/A
Regeneration, Economy and Growth	Development and Housing	Selective Licensing Steering Group	Advice and Consultancy	Complete	N/A
Regeneration, Economy and Growth	Development and Housing	Choice Based Letting Scheme	Advice and Consultancy	Cancelled	
Regeneration, Economy and Growth	Development and Housing	Disabled Facilities Grant	Grant	Final	N/A
Regeneration, Economy and Growth	Business Durham	Stephanie	Grant	Final	N/A
Regeneration, Economy and Growth	Business Durham	Business Recovery Grants	Assurance	Final	Substantial
Regeneration, Economy and Growth	Transport and Contract Services	Local Transport Capital Block Funding	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Bus Subsidy Ring Fenced Grant	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Additional Dedicated Home to School and College Transport	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Travel Demand Management	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Integrated Passenger Transport - Contracts	Assurance	Defer to 2023/24	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Rolling Programme of Leisure Centres - Peterlee	Assurance	In Progress	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Rolling Programme of Leisure Centres - Seaham	Assurance	In Progress	
Regeneration, Economy and Growth	Culture, Sport and Tourism	CLUK Income Share Agreement	Assurance	Final	Substantial
Regeneration, Economy and Growth	Culture, Sport and Tourism	Stanley Bowls	Audit of Accounts	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Beamish Museum - Grant Review	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Bowes Museum - Grant Review	Assurance	Not yet started	
Regeneration, Economy and Growth	Business Durham	NETPark Incubator Support for SMEs	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Additional Dedicated Home to School and College Transport (2)	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Hornden Rail Station	Grant	Final	N/A
Regeneration, Economy and Growth	Transport and Contract Services	Local Authority COVID 19 Bus Service Support Grant Restart	Grant	Final	N/A
Regeneration, Economy and Growth	Development and Housing	Protect and Vaccinate Grant	Grant	Planning and Preparation	
Regeneration, Economy and Growth	Development and Housing	Green Homes Grant	Grant	Final	N/A
Resources	Legal & Democratic Services	Coroner	Assurance	Cancelled	
Resources	Legal & Democratic Services	Electoral Services (Election Payments)	Assurance	Cancelled	
Resources	Legal & Democratic Services	Data Protection	Assurance	Cancelled	
Resources	Corporate Finance and Commercial Services	CIPFA Financial Management Code	Advice and Consultancy	Final	N/A
Resources	Corporate Finance and Commercial Services	MTFP Arrangements	Assurance	Cancelled	
Resources	Corporate Finance and Commercial Services	Review of Commercial Services	Assurance	Planning and Preparation	
Resources	Procurement, Sales and Business Services	Contract Management	Advice and Consultancy	Complete	N/A
Resources	Procurement, Sales and Business Services	Off Contract Spend	Assurance	Cancelled	
Resources	Transactional Services	Domiciliary Care Working Party	Advice and Consultancy	Complete	N/A
Resources	Transactional Services	Payroll - Preparation - Corrections	Key System	Planning and Preparation	
Resources	Transactional Services	Recruitment and Selection: ID Verification	Assurance	Cancelled	
Resources	Transactional Services	Council Tax - Quality Assurance and Appeals	Key System	Defer to 2023/24	
Resources	Transactional Services	Cash Management - Crook CAP	Key System	Planning and Preparation	
Resources	Transactional Services	Deputies and Appointees - Personal Allowance Payments	Assurance	Defer to 2022/23	
Resources	Digital and Customer Services	Change Management	Assurance	Defer to 2023/24	
Resources	Digital and Customer Services	Unix - Linux Security	Assurance	Defer to 2023/24	
Resources	Digital and Customer Services	Mobile Device Security	Assurance	In Progress	
Resources	Transformation, Planning and Performance	Data Quality	Assurance	Defer to 2022/23	
Resources	Transformation, Planning and Performance	Transformation	Advice and Consultancy	Complete	N/A
Resources	Legal and Democratic Services	Election Postal Votes	Advice and Consultancy	Final	N/A
Resources	Legal and Democratic Services	RIPA Officers Group	Advice and Consultancy	Complete	N/A
Resources	Legal & Democratic Services	Company Governance Group	Advice and Consultancy	Complete	N/A
Resources	Legal & Democratic Services	Information Governance Group	Advice and Consultancy	Complete	N/A
Resources	Corporate Finance and Commercial Services	Developing School Financial Arrangements	Advice and Consultancy	Complete	N/A
Resources	Corporate Finance and Commercial Services	Banking Arrangements	Assurance	Planning and Preparation	
Resources	Corporate Finance and Commercial Services	Chapter Homes - SLA Arrangements	Advice and Consultancy	Final	N/A
Resources	Corporate Finance and Commercial Services	SLA Board	Advice and Consultancy	Complete	N/A
Resources	Corporate Finance and Commercial Services	Section 256 Agreements	Grant	Planning and Preparation	
Resources	Corporate Finance and Commercial Services	Better Care Fund	Grant	Planning and Preparation	
Resources	Procurement, Sales and Business Services	Contract Procedure Rules	Assurance	In Progress	
Resources	Transactional Services	Creditors	Key System	Planning and Preparation	
Resources	Transactional Services	Procurement Cards (Projects)	Follow Up	Planning and Preparation	
Resources	Transactional Services	Petty Cash and Payment Card Workstream	Advice and Consultancy	Complete	N/A
Resources	Transactional Services	Fuel Cards	Follow Up	Draft	
Resources	Transactional Services	Payroll	Key System	Planning and Preparation	
Resources	Transactional Services	ResourceLink Programme Board	Advice and Consultancy	Complete	N/A
Resources	Transactional Services	Business Rates - System Access	Key System	Defer to 2023/24	
Resources	Transactional Services	Housing Benefits and Council Tax Reduction - Overarching Report	Key System	Cancelled	
Resources	Transactional Services	Housing Benefits and Council Tax Reduction - Accuracy Award Indicator	Advice and Consultancy	Defer to 2022/23	
Resources	Transactional Services	Housing Benefits and Council Tax Reduction - System Access	Key System	Defer to 2023/24	
Resources	Transactional Services	Housing Benefits and Council Tax Reduction - Supported Accommodation	Key System	Defer to 2023/24	
Resources	Transactional Services	Enforcement Programme Board	Advice and Consultancy	Complete	N/A
Resources	Transactional Services	Enforcement Programme Workstreams	Advice and Consultancy	Complete	N/A
Resources	Transactional Services	Council Tax - Overarching	Key System	Final	Substantial
Resources	Transactional Services	Council Tax - Liability (Include Billing and Refunds in scope)	Key System	Final	Substantial
Resources	Transactional Services	Council Tax - System Access	Key System	Defer to 2023/24	
Resources	Transactional Services	Income Management	Key System	In Progress	
Resources	Transactional Services	Debtors - Direct Debits	Key System	In Progress	
Resources	Transactional Services	Financial Assessments	Assurance	Defer to 2022/23	
Resources	Digital and Customer Services	SharePoint	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	Digital Durham	Grant	Final	N/A
Resources	Transformation, Planning and Performance	Equality, Diversity and Community Cohesion	Assurance	Planning and Preparation	
Resources	Transformation, Planning and Performance	Police and Crime Panel	Grant	Final	N/A
Resources	Transactional Services	COVID-19 Additional Restrictions Grant (ARG)	Assurance	Final	Substantial
Resources	Transactional Services	COVID-19 Local Restrictions Support Grants	Assurance	Final	Substantial
Resources	Transactional Services	COVID-19 Omicron - Hospitality and Leisure Grant and ARG Top Up	Advice and Consultancy	Complete	N/A

**FINAL REPORTS ISSUED IN PERIOD ENDING 31 MARCH 2022**

<b>AUDIT AREA</b>	<b>BRIEF DESCRIPTION OF SCOPE OF THE AUDIT</b>	<b>FINAL OPINION</b>
<b>CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)</b>		
Supporting Families Programme	Verification of grant claim from January 2022 to March 2022	N/A
<b>NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)</b>		
Business Energy Efficient Project	An advice and consultancy review of the arrangements in place for providing evidence in support of the quarterly claims process.	N/A
Carbon Connects (2)	Grant Certification	N/A
Innovate UK	Grant Certification	N/A
SME Power (Claim 5)	Grant Certification	N/A
<b>REGENERATION, ECONOMY AND GROWTH (REG)</b>		
County Durham Growth Fund	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> <li>- Grant offers are made to businesses and projects that are not eligible;</li> <li>- Grant payments are made where not eligible;</li> <li>- Fraudulent claims made for purchased goods and / or services;</li> <li>- Ineffective monitoring processes in place;</li> <li>- Scheme costs not reclaimed.</li> </ul>	Substantial
Horden Rail Station	Grant Certification	N/A
Green Homes Grant	Grant Certification	N/A
<b>RESOURCES (Res)</b>		
COVID-19 Additional Restrictions Grant (ARG)	Assurance review of the arrangements in place to mitigate against the risk of payments not being made in line with the agreed policy and government guidance/legislation.	Substantial
COVID-19 Local Restrictions Support Grants	Assurance review of the arrangements in place to mitigate against the risk of payments not being made in line with the agreed policy and government guidance/legislation.	Substantial

<b>RESOURCES (Res) Contd.</b>		
Council Tax - Liability	Assurance review of the arrangements in place to mitigate against the risk that the application of empty home premiums and discretionary discounts is not in line with Section 13 of The Local Government Finance Act 1992.	Substantial
COVID-19 Test and Trace Support Payment Scheme (Assurance)	Assurance review of the arrangements in place to mitigate against the risk of payments not being made in line with the agreed policy and government guidance/legislation.	Moderate
Review of Service Level Agreement (SLA) Charging Arrangements	Advice and consultancy review of the SLA database spreadsheet to identify any areas of potential improvement.	N/A

	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
<b>ADULT AND HEALTH SERVICES (AHS)</b>					
<b>2019/20</b>					
High	0	0	0	0	0
Medium	4	4	0	0	0
<b>Total</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2020/21</b>					
High	0	0	0	0	0
Medium	4	2	2	2	0
<b>Total</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>2021/22</b>					
High	0	0	0	0	0
Medium	1	0	1	1	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Overall Total</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)</b>					
<b>2019/20</b>					
High	0	0	0	0	0
Medium	52	50	2	2	0
<b>Total</b>	<b>52</b>	<b>50</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>2020/21</b>					
High	0	0	0	0	0
Medium	14	14	0	0	0
<b>Total</b>	<b>14</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22</b>					
High	2	2	0	0	0
Medium	35	34	1	1	0
<b>Total</b>	<b>37</b>	<b>36</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Overall Total</b>	<b>103</b>	<b>100</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)</b>					
<b>2019/20</b>					
High	0	0	0	0	0
Medium	11	10	1	1	0
<b>Total</b>	<b>11</b>	<b>10</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>2020/21</b>					
High	3	3	0	0	0
Medium	20	20	0	0	0
<b>Total</b>	<b>23</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22</b>					
High	0	0	0	0	0
Medium	9	5	4	4	0
<b>Total</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>0</b>
<b>Overall Total</b>	<b>43</b>	<b>38</b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>REGENERATION, ECONOMY AND GROWTH (REG)</b>					
<b>2019/20</b>					
High	2	2	0	0	0
Medium	37	37	0	0	0
<b>Total</b>	<b>39</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2020/21</b>					
High	2	2	0	0	0
Medium	13	12	1	1	0
<b>Total</b>	<b>15</b>	<b>14</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>2021/22</b>					
High	0	0	0	0	0
Medium	5	4	1	1	0
<b>Total</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Overall Total</b>	<b>59</b>	<b>57</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>RESOURCES (RES)</b>					
<b>2019/20</b>					
High	0	0	0	0	0
Medium	116	113	3	3	0
<b>Total</b>	<b>116</b>	<b>113</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>2020/21</b>					
High	0	0	0	0	0
Medium	61	60	1	1	0
<b>Total</b>	<b>61</b>	<b>60</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>2021/22</b>					
High	1	1	0	0	0
Medium	18	18	0	0	0
<b>Total</b>	<b>19</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overall Total</b>	<b>196</b>	<b>192</b>	<b>4</b>	<b>4</b>	<b>0</b>
<b>TOTAL COUNCIL</b>					
<b>2018/19</b>					
High	0	0	0	0	0
Medium	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2019/20</b>					
High	2	2	0	0	0
Medium	220	214	6	6	0
<b>Total</b>	<b>222</b>	<b>216</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>2020/21</b>					
High	5	5	0	0	0
Medium	112	108	4	4	0
<b>Total</b>	<b>117</b>	<b>113</b>	<b>4</b>	<b>4</b>	<b>0</b>
<b>2021/22</b>					
High	3	3	0	0	0
Medium	68	61	7	7	0
<b>Total</b>	<b>71</b>	<b>64</b>	<b>7</b>	<b>7</b>	<b>0</b>
<b>OVERALL TOTAL</b>	<b>410</b>	<b>393</b>	<b>17</b>	<b>17</b>	<b>0</b>

## Performance Indicators as at 31 March 2022

<b>Efficiency</b> <b>Objective: To provide maximum assurance to inform the annual audit opinion</b>			
<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>	<b>Actual</b>
Productive audit time achieved	% of planned productive time from original approved plan completed.	90% (Annually)	91% as at 31 March 2022
Timeliness of Draft Reports	% of draft reports issued within 20 working days of end of fieldwork/closure interview	100% (Quarterly)	95% (54 out of 57)
Timeliness of Final Reports	% of final reports issued within 10 working days of receipt of management response	100% (Quarterly)	100% (53 out of 53)
Quarterly Progress Reports	Quarterly progress reports issued to Corporate Directors within one month of end of period	100% (Quarterly)	100%
<b>Quality</b> <b>Objective: To ensure that the service is effective and adding value</b>			
<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>	
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 4.8
Customers providing feedback Response	% of customers returning satisfaction returns	70% (Quarterly)	85%

**Audit Committee**

**24 May 2022**

**Annual Governance Statement  
for the year ended 31 March  
2021: Actions Update**



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**Report of Paul Darby, Corporate Director of Resources**

**Councillor Richard Bell, Deputy Leader and Cabinet member for  
Finance**

**Purpose of the Report**

- 1 This report provides the Audit Committee with an update on the progress being made in relation to the actions arising from the Council's Annual Governance Statement (AGS) for the year ended 31 March 2021, building on the update that was provided to Audit Committee on 29 November 2021.

**Executive summary**

- 2 The Accounts and Audit (England) Regulations 2015 require the Council to prepare an AGS, which must accompany the Statement of Accounts.
- 3 The AGS demonstrates how the Council complies with the principles of good governance. The review of effectiveness of the Council's arrangements for 2020/21 concluded that eight actions, listed in appendix 2 to this report, should be included in the plan of improvements to strengthen governance arrangements during 2021/22.
- 4 Attached at appendix 2 is an update on the progress being made in relation to the actions arising from the Council's AGS for the year ended 31 March 2021.

**Recommendation**

- 5 Audit Committee is requested to note the progress that has been made against each of the improvement actions, as set out in appendix 2.

**Author(s)**

Kevin Roberts

Tel: 03000 269657

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## **Appendix 1: Implications**

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### **Legal Implications**

The governance review process ensures that the Council discharges its statutory duties under the Local Government Act 1999 and the Accounts and Audit Regulations 2015 as set out at paragraphs 2 and 4 of the report. The Code of Corporate Governance enables the Council to demonstrate how it complies with the Delivering Good Governance in Local Government Framework 2016.

### **Finance**

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

### **Consultation**

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

### **Equality and Diversity / Public Sector Equality Duty**

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

### **Climate Change**

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

### **Human Rights**

None

### **Crime and Disorder**

None

### **Staffing**

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

### **Accommodation**

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

**Risk**

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

**Procurement**

None

## Appendix 2: Annual Governance Statement for the year April 2020 to March 2021 – Actions Update

Progress against each action is shown in the table below.

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
1	Implement and embed the new Corporate Property and Land Service, as approved by CMT and members, adopting the corporate landlord model.	Developing the Council's capacity through effective use of assets and improving the use of resources (4.37 – 4.38).	Head of Corporate Property and Land	December 2021	<p><b>This action is substantially complete.</b></p> <p>The new service is now embedded across the Council. The principles of the Corporate Landlord Model have been adopted across service groupings. The new arrangements will be continually kept under review to ensure that they are all embracing, fit for purpose and in line with the corporate direction of travel to meet best practice and deliver service needs.</p>
2	Implement the actions identified in the Children's Social Care Services improvement plan agreed with Ofsted.	The Council welcomes peer challenge, reviews and inspections from regulatory bodies and seeks to ensure that recommendations are implemented (4.67).	Head of Children's Social Care	September 2021	<p>Of the 64 actions in the plan, 61 are complete or on schedule and 3 have been rescheduled or reviewed.</p> <p>Fostering Peer Review completed in December 2021. Actions and recommendations have been incorporated into wider service improvement plan and broader service review.</p> <p>Peer review of quality assurance processes and Independent Reviewing Officer function is partially complete with interim report expected mid-April 2022. Further scoping and improvement work to build on recommendations is underway.</p> <p>Review of children's commissioning functions is underway and mid-way report received in March 2022 with further work and recommendations identified.</p>

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
3	Review the approach to residential and nursing care, taking into account market reshaping required as a result of capacity in the market, the Covid-19 pandemic and changing preferences in terms of care, with the aim of ensuring a sustainable and high-quality care market (2023).	D3.1 Optimising achievement of intended outcomes (4.34)	Head of Integrated Commissioning	March 2022	<p><b>This action is behind schedule.</b></p> <p>This work has been slightly delayed as a result of the ongoing pandemic and the requirement to divert the activities of the team to pandemic response. A draft model has now been developed (two months behind schedule) which includes detailed analysis of several years of care home activity. This data has been linked to NHS data to provide a comprehensive picture of capacity and demand across the county. The model can review demand based on level of need, complexity of health care condition, type of care home bed required and locality. Demand projections can be modified based on a range of variables linked to planned market changes.</p> <p>Alongside this, housing colleagues have undertaken a detailed analysis of housing stock for older people across the county which will accompany the care home demand model. The housing data shows capacity and demand on the same footprints as the care home data. Early engagement has taken place with registered social landlords via the housing forum and follow up meetings are scheduled to share views on accommodation gaps for older people across the County.</p>

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
4	Development and embedding of the County Durham Together model to promote joined up service delivery and enable easier access to preventative services available in local communities.	Sustainable economic, social and environmental benefits: ensure fair access to services (4.29)	Deputy Director of Public Health	March 2023	<p><b>This action is on schedule.</b></p> <p>Work around developing County Durham Together continues. Several pieces of work are being progressed within individual workstreams. A presentation has been developed and agreed at County Durham Together Partnership Board to take through DCC senior management teams and onward to CMT and Cabinet Transformation on a date to be confirmed. This presentation will also be shared by CDT partners in their relevant senior management groups.</p>
5	Undertake a review of Home to School Transport policy and commissioning arrangements to better understand and address escalating budget pressures.	Developing the Council's capacity: improve the use of resources to ensure that they are allocated in a way that realises outcomes effectively and efficiently (4.38)	Head of Education and Skills	March 2022	<p><b>This action is on schedule.</b></p> <p>The review has been completed and a new Home to School Travel Board has been established to lead the programme. The recommendations from the review have been considered by the Travel Board and will be discussed more broadly within the Council in March 2022. The final set of proposals are scheduled for presentation to Cabinet in May 2022. A new Home to School Transport policy is also in development with planned publication in May 2022.</p>

No.	Actions to be taken	Links to the Local Code of Corporate Governance (ref)	Lead Officer	Timescale	Update
6	Deliver the actions set out within the Looked After Children Placement Sufficiency Strategy to ensure best outcomes and cost-effective placement costs to address escalating budget pressures within Children's Social Care.	Developing the Council's capacity: improve the use of resources to ensure that they are allocated in a way that realises outcomes effectively and efficiently (4.38)	Head of Children's Social Care and Head of Integrated Commissioning	March 2022	<p>Of the 26 actions in the plan, 24 are complete or on schedule and two have been rescheduled.</p> <p>The strategy contains 26 actions over a three-year period (2020-2023), each aligned to one of four objectives relating to in-house foster carers (9), adopters (2), residential homes (11) and care leavers (4).</p> <p>During 2021/22, the <b>Fostering Service</b> recruited 29 new fostering households, against a target of 30. A new marketing and recruitment campaign has been launched focusing on the recruitment of new foster carers for sibling groups, children with a disability, teenagers and unaccompanied asylum-seeking children. Work is ongoing to develop a new website which provides a 'one-stop-shop' for prospective foster carers. The Mockingbird Model is being developed which will provide enhanced support to foster carers, improving the stability of children's foster placements and the retention of carers. The regional framework for Independent Fostering Agencies has been recommissioned, with bids being evaluated in April 2022 and a framework operational date of July 2022.</p> <p>The <b>Adopt</b> Coast to Coast Regional Adoption Agency (RAA) for Durham, Sunderland and Cumbria was launched in April 2021. The agency has continued to work collaboratively with RAA partners in developing practice around linking and matching so children can be matched to their forever family within a shorter timeframe.</p> <p>Capacity has increased during 2021/22, with the development of a new smaller <b>children's home</b>. Work is ongoing to develop a further smaller children's home which will care for up to two</p>

					<p>young people which is due to open later in 2022. The Edge of Care home has been identified with a forecast operational date of mid-2023. Work is ongoing to re-provide a home for three young people with a target date of 2023. A Lean Review is considering the end-to-end process in relation to developing new children's home, from identifying the property to opening the home and the first child moving in. The review will consider the roles and responsibilities across a range of services within the Local Authority, where improvements can be made, and processes streamlined and areas where additional capacity is proposed.</p> <p>In relation to <b>care leavers</b>, the Supported Living Preferred Provider Panel will be extended and opened up in September 2022, enabling new providers to join. As information is released by Ofsted in relation to the regulatory framework for support accommodation providers, we will work closely with providers to prepare them and to understand any emerging gaps within the provider marketplace. Two actions have been deferred from December 2021 to December 2022, (a) review the marketing and recruitment strategy for supported lodging provision, and (b) recommission our Supported Living Provider Panel for young people with needs that challenge services.</p>
7	Development of a post Covid Economic Development / Recovery Plan for the County, factoring in opportunities and issues presented through the Levelling Up, ensuring a robust and ambitious economic plan that is co-developed with the	Planning interventions: arrangements for planning the interventions for the achievement of its intended outcomes (4.33)	Corporate Director of Regeneration, Economy and Growth	October 2022	<p><b>This action is on schedule.</b></p> <p>Consultation titled 'Our Big Conversation' started on 31 January 2022 and continues until 22 April 2022. This includes a wide range of workshops and meetings with varied stakeholders. The website is now live and online surveys are available for residents, businesses and young people. A full report on the consultation outcomes will be compiled in May 2022 and drafting of the first strategy will start in May/June 2022.</p>

	community, focused on inclusive growth and prosperity.				
8	Assess ongoing medium financial impacts of Covid in terms of additional recurring costs and reduced income to inform future MTFP planning.	Strong public financial management: FM supports long-term outcomes/short-term financial and operational performance. FM is integrated at all levels of planning and control (4.58)	Corporate Director of Resources	March 2022	<p><b>This action is complete.</b></p> <p>Any ongoing impact of COVID upon the council's budget is continually reviewed. As part of the development of MTFP12, an additional base budget pressure has been included in the 2022/23 base budget in relation to waste volumes. During lockdown periods waste volumes increased and it was expected that after lockdown waste volumes would reduce to pre-pandemic levels. This has not occurred however and to ensure the base budget reflects this a budget uplift has been agreed for 2022/23.</p> <p>At this stage no other ongoing increased expenditure sums have been considered for inclusion in the base budget and income levels in areas such as leisure, car parking and theatres will continue to be closely monitored during 2022/23. If income levels do not return to pre-pandemic levels, then consideration may need to be given for inclusion of base budget uplifts in the 2023/24 base.</p> <p>Any ongoing impact within 2022/23 will be covered either from within cash limit budgets, contingencies or from reserves dependent upon the sums experienced.</p>

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**Audit Committee**

**24 May 2022**

**Internal Audit Strategy, Charter and  
Plan 2022/23**



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**Report of Tracy Henderson, Chief Internal Auditor and Corporate  
Fraud Manager**

**Electoral division(s) affected:**

Countywide.

**Purpose of the Report**

- 1 To submit the Internal Audit Strategy, Charter and Internal Audit Plan for the period 01 April 2022 to 30 September 2022, which are attached as Appendices 2, 3 and 4, for approval.

**Executive Summary**

- 2 Following the presentation of the first formal iteration of the Internal Audit Plan, for the period 01 April 2022 to 31 March 2023, to the Audit Committee on 28 February 2022, this report sets out the proposed final version of the six-month plan for the period 01 April 2022 to 30 September 2022, along with an indicative plan for the second six-month period, from 01 October 2022 to 31 March 2023, which is presented for information. This report includes:
  - (a) The Internal Audit Strategy (Appendix 2);
  - (b) The Internal Audit Charter (Appendix 3);
  - (c) The Internal Audit Plan for the first six-month period of 2022/23, from 01 April 2022 to 30 September 2023 (Appendix 4);
  - (d) An indicative Internal Audit Plan for the second six-month period of 2022/23, from 01 October 2022 to 31 March 2023 (Appendix 5).

## **Recommendation**

- 3 It is recommended that Members:
- (a) Approve the Internal Audit Strategy in Appendix 2;
  - (b) Approve the Internal Audit Charter in Appendix 3;
  - (c) Approve the proposed Internal Audit Plan for the first six-month period of 2022/23, 01 April 2022 to 30 September 2023, as detailed in Appendix 4;
  - (d) Note the indicative Internal Audit Plan for the second six-month period of 2022/23, 01 October 2022 to 31 March 2023, as detailed in Appendix 5.

## **Background**

- 4 From April 2013, CIPFA and the Chartered Institute of Internal Auditors launched a common set of Public Sector Internal Audit Standards (PSIAS) to be adopted across the public sector. The PSIAS set out the standards for Internal Audit and have been adopted by the service in Durham.
- 5 The principles in the PSIAS are consistent with the previous CIPFA Code for Internal Audit that applied across Local Government. They include the need for 'risk-based plans' to be developed for Internal Audit and for plans to receive input from management.
- 6 The Internal Audit Strategy, which has informed the development of the 2022/23 audit plan, has been reviewed and is included at Appendix 2.

## **Internal Audit Charter**

- 7 The Internal Audit Charter, as set out in Appendix 3, defines the Internal Audit Service's purpose, authority and responsibility. It establishes Internal Audit's position within the organisation, including the nature of the Chief Internal Auditor and Corporate Fraud Manager's functional reporting relationship with the Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the Internal Audit Charter resides with the Audit Committee.
- 8 A set of Core Principles are set out for the service, taken as a whole these articulate internal audit effectiveness. In order to be considered effective all of the principles should be present and operating:
  - (a) Demonstrates integrity;
  - (b) Demonstrates competence and due professional care;
  - (c) Is objective and free from undue influence (independent);
  - (d) Aligns with the strategies, objectives and risks of the organisation;
  - (e) Is appropriately positioned and adequately resourced;
  - (f) Communicates effectively;
  - (g) Provides risk-based assurance;
  - (h) Is insightful, proactive and future-focused;
  - (i) Promotes organisational improvement.

## Preparation of the 2022/23 Audit Plan

- 9 The Emergent Internal Audit Plan was presented at the Audit Committee's meeting on 28 February 2022. As discussed in that paper, the plan has now had further refinement and discussions have taken place with Corporate Management Team prior to presenting the final version to the Committee. This report sets out the proposed Internal Audit Plan for the six-months from 1 April 2022 to 30 September 2022, along with an indicative plan for the second six-month period from 01 October 2022 to 31 March 2023.
- 10 The proposed six-month Internal Audit Plan for period from 01 April 2022 to 30 September 2022, attached at Appendix 4, includes provision for:
  - (a) Work started in 2021/22 which was not complete by 31 March 2022;
  - (b) Work that was approved in the 2021/22 audit plan but has been deferred and carried forward into 2022/23 as previously agreed;
  - (c) Planned assurance work scheduled from the 5-year strategic audit plan;
  - (d) Annual due diligence on key systems and compliance with key corporate policies;
  - (e) Service requests identified through the consultation process with senior management;
  - (f) Grant certification work;
  - (g) Corporate provision for reactive advice and consultancy work and new emerging risks, including any reactive fraud investigations and irregularities;
  - (h) Corporate provision for planning, quality assurance and reporting;
  - (i) Follow up of agreed audit recommendations.

- 11 The detailed scope of some audit reviews included in the plan are not yet finalised, however an initial outline scope of each audit has been prepared. These will be further developed as part of the planning and preparation stage of each individual assignment in accordance with the agreed audit strategy. This ensures that audit resources assigned to individual reviews are focused upon operational risks, controls and the assurance environment expected to be in place at the time reviews are actually carried out. This is particularly important due to the extent of change management across the Council.
  
- 12 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.
  
- 13 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.
- 14 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.
- 15 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.
- 16 Given the extent of the change agenda with which the Council is faced at this time, it is particularly important that the annual 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. As such a contingency provision is also included to respond to new and emerging risks and changes to the strategic audit plan to reflect changes in service priorities and/or risks.
- 17 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.

- 18 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.
- 19 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 six-month Internal Audit Plan for the period 01 April 2022 to 30 September 2022**

- 20 As a result of this planning, the forecast of available resources to be allocated to the management and delivery of the first six-month audit plan is 2,100 days. The detail of this allocation is shown in the table below.

<b>Estimated Gross Gays Available</b>	2,100.0
Non – Productive Time (Annual Leave, Sickness, Training, Office Duties etc.)	619.0
Productive Time – not allocable to services, e.g. Audit Planning, Supporting Audit Committee, Quality Assurance, Contingency	392.5
<b><u>Audit Plan for 01 April 2022 to 30 September 2022</u></b>	
Audit days required to complete and close audit reports relating to 2021/22	373.0
Adult and Health Services (AHS)	89.0
Children and Young People Service (CYPS)	83.0
Neighbourhoods and Climate Change (NCC)	27.0
Regeneration, Economy and Growth (REG)	39.0
Resources (RES)	86.0
Schools	125.0
Durham Police and Crime Commissioner / Durham Constabulary	115.0
Durham and Darlington Fire & Rescue Authority	36.0
Beamish Museum	25.0
Aim High Academy Trust	14.0
Durham Crematorium	0.0
Mountsett Crematorium	0.0
Pension Fund	17.0
New College Durham	10.0
Durham City Charter	6.0
Peterlee Town Council	15.0
Spennymoor Town Council	16.0
Monk Hesledon Parish Council	2.0
Shotton Parish Council	2.0
Horden Parish Council	6.0
Trimdon Parish Council	2.5
<b>TOTAL DAYS REQUIRED</b>	<b>2,100.0</b>

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

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<b>Contact:</b>	Tracy Henderson	Tel: 03000 269668
	Paul Monaghan	Tel: 03000 269662

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## **Appendix 1: Implications**

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### **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.

**DURHAM COUNTY COUNCIL**



**Internal Audit Strategy**

**1. Introduction**

1.1 The Internal Audit Strategy for 2022/2023 focuses on the delivery of the assurance opinion and the Internal Audit plan to support this opinion. This strategy reflects Internal Audit's contribution to the Council's 'Excellent Council' agenda and fully supports the Council's ambitions as set out in the Sustainable Community Strategy. The Internal Audit Strategy incorporates best practice from the Chartered Institute of Public Finance and Accountancy (CIPFA) and Chartered Institute of Internal Audit (CIIA).

1.2 The requirement for an Internal Audit function for local authorities is within section 151 of the Local Government Act 1972 and authority has been delegated to the Corporate Director, Resources to fulfil this function. Part 2, Regulation 5 of the Accounts and Audit Regulations 2015 requires that "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 auditing standards or guidance."

1.3 The mission of the Internal Audit service is 'to enhance and protect Durham County Council's organisational values by providing risk-based and objective assurance, advice and insight'.

1.4 The assurance is provided through three elements:

- Internal Control;
- Governance and
- Risk Management

1.5 The Terms of Reference of Internal Audit are contained within the Audit Charter. The measures in place to deliver these are set out below.

**2. Strategy Statements**

2.1 There are overarching strategies to support the delivery of all of our services, these include:

2.2 We aim to deliver work of the highest quality, to the appropriate audience and at the most appropriate time.

- 2.3 We support and promote the Council's vision, ambitions, values and objectives in all of the work Internal Audit carries out. It is our ambition to ensure that the delivery of our service is influenced by and positively contributes to these developments together with the growing need for wider ranging assurances in all aspects of the Council's operations. We will also continue to consider and review the impact of organisational change on the Council's governance, internal controls and risks.
- 2.4 We will plan, organise and control the delivery of our service in line with professional standards (Public Sector Internal Audit Standards). We work to add value through providing reliable, objective assurance and insight on the effectiveness and efficiency of governance, risk management and internal control processes. We continually aim to challenge and inspire colleagues to improve.
- 2.5 We will create and communicate high quality information about the effective operation of management's control over risks and we will use our combined experience and knowledge to provide helpful and practical insight and recommendations, we know we can be a catalyst for improving the Council's effectiveness and efficiency based on analysis and assessments of data and business processes. The internal audit team has a comprehensive set of procedures and templates that are regularly reviewed and approved to ensure a consistent approach to our work. All audit work is reviewed to ensure it is evidenced based, independent, technically compliant, risk based, timely, has impact and is practical. We employ quality controls, quality monitoring and quality reviews of our work.
- 2.6 We identify the audit resources with the appropriate skill set to deliver the audit service, which meets the required professional standards. We are committed to integrity, accountability and high levels of customer care. We provide assistance with training and continuous professional development. The Council and the Internal Audit team subscribe to a number of professional support forums. The Chief Internal Auditor and Corporate Fraud Manager is a member of the Local Authority Chief Internal Auditor Network (LACAN) and of the Chartered Institute of Public Finance and Accountancy (CIPFA) Internal Audit Special Interest Group in order to utilise the peer support that these groups provide. We also have in place a Quality Assurance Improvement Plan (QAIP) as required by PSIAS.
- 2.7 We will strive to raise the profile of Internal Audit in a positive way at all times. The ways that we do this include:
- Professional advice and support to Members, Corporate Directors, Heads of Service and all employees.
  - Delivery of our principal service including high quality audit reports (drafts and final) and Committee reports.

- Issuing Client Satisfaction Questionnaires for all work that we undertake whilst analysing and understanding the responses and acting on the messages conveyed to us.
- Maintaining good client relations and to this end:
  - Attend all Service Grouping management teams on at least a quarterly basis.
  - Provide time within the Internal Audit Plan for advice and consultancy with respect to internal controls for all of our clients.
  - Detailed Terms of Reference are prepared for each audit based on close liaison with clients.
  - Provide all Corporate Directors with quarterly and annual reports on the activity within their Service Groupings.
  - Provide a training module on internal control, risk management and fraud awareness currently through the 'Durham Managers' programme.

2.8 We aim to support good value for money in all that we do. Our work is designed to help in the promotion of continuous performance and internal control improvement through the issue of reports containing relevant and valued recommendations and action plans. We support effective financial management, help prevent fraud and corruption and undertake investigations where it is felt appropriate to do so. The service also participates in benchmarking to measure our performance and value for money against peer organisations.

2.9 We plan, record and monitor the time spent on all audit activities to manage our staffing resources efficiently and economically.

### **3. Delivery of the Service**

3.1 The Chief Internal Auditor and Corporate Fraud Manager is responsible for the Internal Audit Service and delivering of the Audit Plan in accordance with the Terms of Reference detailed in the Audit Charter.

3.2 The Internal Audit Service will be delivered on the basis of a five year risk based Strategic Audit Plan which is approved annually by the Audit Committee and is based on risks identified by the Chief Internal Auditor and Corporate Fraud Manager in consultation with Service Groupings. The Chief Internal Auditor and Corporate Fraud Manager maintains a continuous review of the risks and issues affecting the Council and thus the Audit Plan using the following:

- Review of Council's priorities and objectives;
- Continuous assessment of risk identified by the strategic risk register and senior managers;
- Issues arising from changes in legislation;
- The implications of external inspection reports.

### 3.3 The Audit Plan must balance the needs to:

- Provide assurance on the effectiveness of internal controls operating within the Council
- Adequately review the assurance provided by key financial systems for management and the external auditor to place reliance on.
- Allow for the Internal Audit Service to offer advice and guidance on control issues to the Council's managers
- Investigate all suspected or detected frauds or irregularities.
- Provide time to allow Internal Audit to carry out appropriate unplanned work requested by managers.

3.4 The Chief Internal Auditor and Corporate Fraud Manager will assess the services resource requirements and formulate the Internal Audit Plan. The staffing structure of Internal Audit comprises a mix of professional, accounting technician and trainee posts with a mix of specialisms to reflect the varied workload of the service. These resources will be met internally within the Council supplemented by appropriately qualified external resources should there be the requirement.

## **4. Review of the Strategy**

4.1 The strategy will be reviewed annually by the Audit Committee alongside the Annual Internal Audit Plan and Internal Audit Charter.



# **INTERNAL AUDIT CHARTER**

**May 2022**

# CONTENTS

	<b>Page</b>
<b>1. Introduction</b>	<b>3</b>
<b>2. Statutory Basis</b>	<b>3</b>
<b>3. Definition</b>	<b>4</b>
<b>4. Mission</b>	<b>4</b>
<b>5. Code of Ethics</b>	<b>4</b>
<b>6. Strategic Aims</b>	<b>4 – 5</b>
<b>7. Objectives of Internal Audit</b>	<b>5 – 6</b>
<b>8. Outcomes of Internal Audit</b>	<b>6</b>
<b>9. Independence, Objectivity and Authority</b>	<b>7</b>
<b>10. Scope of Audit Work</b>	<b>8</b>
<b>11. Strategic Audit Planning</b>	<b>9 – 10</b>
<b>12. Annual Audit Plans</b>	<b>10 – 11</b>
<b>13. Audit Approach</b>	<b>11 – 12</b>
<b>14. Audit Reporting</b>	<b>12 – 15</b>
<b>15. Responsibilities of Managers</b>	<b>15 – 16</b>
<b>16. Relationship with the Audit Committee</b>	<b>17</b>
<b>17. Audit Resources, Skills and Service Quality</b>	<b>17 – 19</b>
<b>18. Approval and Review</b>	<b>19</b>
<b>19. Key Contact</b>	<b>19</b>
<b>20. Other Related Documents</b>	<b>20</b>
<b>Appendix A</b>	
<b>Assessment of Audit Findings, Recommendations and Opinions</b>	<b>21 – 22</b>
<b>Appendix B</b>	
<b>Performance Indicators</b>	<b>23</b>
<b>Appendix C</b>	
<b>Definitions under PSIAS</b>	<b>24 – 27</b>

# 1. Introduction

- 1.1 The purpose of this Charter is to establish the terms of reference for the Durham County Council Internal Audit Service and outline how the service will be delivered and developed through its Audit Strategy. It sets out the purpose, authority and responsibility of Internal Audit.

# 2. Statutory Basis

- 2.1 Internal Audit is a statutory service in the context of the Accounts and Audit Regulations (England) 2015, which state that:

“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 auditing standards or guidance.”

- 2.2 The Public Sector Internal Audit Standards (PSIAS) and CIPFA’s Local Government Application Note (LGAN), which came into effect April 2013, constitute proper practices to satisfy the requirements for larger relevant local government bodies as set out in the Accounts and Audit Regulations 2015. The PSIAS were updated on 1 April 2017 and the charter has been updated to reflect these changes.
- 2.3 Section 151 of the Local Government Act 1972 states that every local authority should make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs (The Chief Financial Officer (CFO)). CIPFA has defined proper administration in that it should include, ‘compliance with the statutory requirements for accounts and internal audit’.
- 2.4 The CIPFA Statement on the Role of the Chief Financial Officer states that the CFO must:
- Ensure an effective internal audit function is resourced and maintained
  - Ensure that the authority has but in place effective arrangements for internal audit of the control environment
  - Support internal audit arrangements and
  - Ensure the audit committee receives the necessary advice and information so that both functions can operate effectively
- 2.4 This Internal Audit Charter recognises the mandatory nature of the PSIAS including the definition of Internal Auditing, the Mission of Internal Audit, the Code of Ethics and the Standards themselves.
- 2.5 As required by the PSIAS, this Charter defines the group or body determined to fulfil the roles and responsibilities of the ‘board ‘and ‘senior management’ for the purpose of internal audit activity, as referred to in the individual standards. These definitions are set out in Appendix C.

### **3. Definition**

- 3.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

### **4. Mission**

- 4.1 The mission of the Internal Audit Service is 'to enhance and protect Durham County Council's organisational values by providing risk-based and objective assurance, advice and insight'.

### **5. Code of Ethics**

- 5.1 Internal Auditors in the UK public sector organisations must conform to the Code of Ethics (the Code) as set out in the PSIAS. The Code applies to both individuals and entities that provide internal auditing services.

- 5.2 The Code consists of 4 principles that are relevant to the profession and practice of internal auditing and set out the rules of conduct that describe behaviour norms expected of internal auditors to guide their ethical conduct. The 4 principles are integrity, objectivity, confidentiality and competency.

- 5.3 Internal auditors must also have regard to the Committee on Standards in Public Life, "Seven Principles of Public Life", those being:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

### **6. Strategic Aims**

- 6.1 The overall strategy supports the Council achieve its aims and objectives through the provision of a high quality internal audit service that gives management reasonable assurance on the effectiveness of the Council's internal control environment and acts as an agent for change by making recommendations for continual improvement.

6.2 The service aims to be flexible, pragmatic and to work in collaboration with management to suit organisational needs. Through a risk based approach to audit planning, the service will make a positive contribution to corporate governance arrangements and assist management in developing a framework for achieving objectives within acceptable levels of risk.

## **7. Objectives of Internal Audit**

7.1 The service's primary objective is the provision of reasonable, not absolute, evidenced based assurance on the effectiveness of the whole of the Council's risk management, control and governance environment to the Corporate Management Team and the Audit Committee.

7.2 The provision of the annual assurance opinion will be in compliance with professional guidelines and in accordance with the Accounts and Audit regulations 2015. The annual opinion will be included within the Council's Annual Governance Statement that forms part of the Council's published annual Statement of Accounts.

7.3 To determine the audit opinion the internal audit service will review, appraise and report upon:

- The adequacy of risk identification, assessment and mitigation
- The adequacy and application of controls to mitigate identified risk
- The adequacy and extent of compliance with the Council's corporate governance framework
- The extent of compliance with relevant legislation
- The extent to which the organisation'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
- The quality and integrity of financial and other management information utilised within the organisation

7.4 When presenting the annual audit opinion the Chief Internal Auditor and Corporate Fraud Manager will:

- Disclose any qualification to that opinion, together with the reasons for that qualification
- Present a summary of the audit work undertaken from which the opinion is derived, including reliance placed on the work of others
- Draw attention to any issues considered particularly relevant to the preparation of the Annual Governance Statement
- Compare the work actually undertaken to the work that was planned and summarise the performance of the internal audit service

- Present a statement on conformance with the PSIAS and the results of a Quality Assurance and Improvement Programme (QAIP) required by the PSIAS.

7.5 Other objectives include:

- Supporting the Section 151 Officer (Chief Finance Officer) in discharging his statutory duties for ensuring proper administration of the Council's financial affairs.
- Championing good governance by helping to improve the Council's risk management, control and governance processes by providing management with timely advice and guidance.
- Supporting the Audit Committee in fulfilling its governance responsibilities as detailed in the Committee's terms of reference set out in the Council's Constitution.
- Supporting Officers and Members in identifying and understanding exposure to risk and providing advice on control design, techniques and strategies.
- Working with other assurance and review bodies to ascertain the extent to which reliance can be placed on the work of other auditors and inspectorates to maximise assurance and the effectiveness of audit resources available.
- Helping to promote a strong counter fraud culture across the Council, through the development and effective implementation of the Council's Counter Fraud and Corruption Strategy and Anti-Money Laundering policy.
- Providing quality services through the highest standards of professional practice, quality assurance systems and investment in staff.
- Be future focussed and to continually add value to the organisation.

## 8. Outcomes of Internal Audit

8.1 The main outcome is the provision of independent assurance to "those charged with governance", which within Durham County Council is the Audit Committee, on the effectiveness or otherwise of the Council's risk management, control and governance arrangements and in so doing we contribute to:

- Improved identification and management of risks contributing to improved performance management and the successful achievement of the Council's vision and priorities.
- Improved corporate governance through helping to support compliance with relevant legislation, the Council's policies, plans and procedures.
- Improved accountability, safeguarding of Council assets and interests and use of public resources.

- Improved quality and reliability of financial and other management information used to support informed decisions.

## 9. Independence, Objectivity and Authority

- 9.1 To be effective Internal Audit must operate independently and in an unbiased manner and have unrestricted access to all information deemed necessary in the course of its work.
- 9.2 The Chief Internal Auditor and Corporate Fraud Manager has direct and unrestricted access to any employee or elected member including the Chief Executive, the Leader of the Council, Corporate Management Team and the Audit Committee.
- 9.3 For day to day operational activities the Chief Internal Auditor and Corporate Fraud Manager reports to the Corporate Director of Resources but maintains independence by reporting in their own name on functionality of the audit service direct to the Audit Committee.
- 9.4 Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to all records, assets, elected members, personnel and premises, including those of partner organisations or external contractors conducting business on behalf of or in partnership with the Council, in order to obtain such information and explanations as it considers necessary to fulfil its responsibilities.
- 9.5 Internal Audit will remain free from interference by any element in the organisation including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of the necessary independent and objective standards.
- 9.6 Objectivity is maintained by ensuring that all internal auditors are free from any conflicts of interest and being free from direct management responsibility for the development, implementation or operations of any of activities audited.
- 9.7 Internal auditors will not be allocated to assurance reviews in areas where they have had a responsibility for, or have undertaken any significant advice and consultancy work, within the previous two years.
- 9.8 As the Chief Internal Auditor and Corporate Fraud Manager also has responsibility for corporate risk management, counter fraud and insurance services, arrangements will be made for any audit work to be carried out in these areas by a suitably experienced and qualified auditor. In these cases the Chief Internal Auditor and Corporate Fraud Manager will remove themselves from the review process of these audits and all findings and draft reports will be shared at their conclusion with both the Chief Internal Auditor and Corporate Fraud Manager and the Corporate Director, Resources in order to apply the necessary safeguards as set out in PSIAS standard 1112 where the Chief Audit Executive has roles beyond Internal Auditing.

## 10. Scope of Audit Work

- 10.1 Internal Audit's role applies to all functions and services for which the Council is responsible, including those delivered by its partners where appropriate.
- 10.2 In addition to the regular review of all key systems of internal control which forms the majority of assurance work, Internal Audit will:
- Respond to requests for support, advice and guidance on implementing and/or improving best practice control procedures for current and new systems.
  - Promote the development and effective implementation of Control and Risk Self Assessments (CRSA) as outlined within the Audit Approach Section of this Charter.
  - Provide support, advice and guidance on risk and controls to staff involved in the design and implementation of new systems and processes.
  - Provide assistance on key projects, including attendance on project boards, and conduct specialist consultancy and value for money reviews. The scope of this work is agreed with management and is subject to having the necessary resources, skills and ensuring suitable assurance over Internal Audit's independence and objectivity. Any significant advice and consultancy work that may be considered to impact on the independence of the Internal Audit Service will be reported to the Audit Committee for approval.
  - Be alert in all its work to risks and exposure that could allow fraud or corruption to occur and to any indications that a fraudulent or corrupt practice may have been occurring
  - Review controls where a potential fraud has been detected/reported to provide assurance that the alleged fraudulent activity is unable to continue and to prevent a reoccurrence.
  - Determine the most appropriate course of action by which fraud and irregularities should be investigated in accordance with the Council's Counter Fraud and Corruption Policy.
- 10.3 It must be noted that whilst Internal Audit will promote the Council's Counter Fraud Policy to deter and prevent fraud, for example participating in the National Fraud Initiative, it does not have responsibility for the prevention and detection of fraud and corruption. Internal Audit cannot guarantee that fraud or corruption will be detected in its work. Managing the risk of fraud and corruption is the responsibility of all service managers.

## 11. Strategic Audit Planning

- 11.1 The level of internal audit resources required to examine all of the Council's activities exceeds those available each year. It is, therefore, essential that the work of internal audit is properly planned to ensure that sufficient work is undertaken each year to draw reasonable conclusion and assurance on the effectiveness of the Council's risk management, control and governance arrangements.
- 11.2 Strategic planning processes aim to provide a reasonable level of independent review of the Council's risk management, control and governance systems through periodic audit plans in a way which affords suitable priority to the Council's objectives and risks.
- 11.3 The starting point for strategic planning is maintaining an understanding of the Council's strategic aims and objectives, its corporate governance arrangements and the assurance framework in place by which those charged with governance gain confidence that any risks which may impact on the achievement of those aims and objectives are effectively identified, assessed and managed.
- 11.4 In consultation with service managers internal audit will
- Consider the Council's risk across two categories:
    - a. **Strategic Risks** - these are the business risks that may arise both internally and externally from the Council and should be included in Corporate and Service Strategic Risk Registers
    - b. **Operational Risks** - these are the risks that arise directly from the core activities of delivering services that may not always be documented
  - Identify key service delivery activities, and their objectives in supporting the delivery of Council's strategic aims and objectives, on which assurance is required by those charged with governance (the Audit Universe)
  - Review the Council's assurance arrangements in place to clearly map out an integrated assurance framework of all known sources of assurance, independent or otherwise, and identify any gaps and duplication
  - Assess the reliability of other assurance sources
  - Regularly carry out risk assessments of each key service activity, and key systems that support the delivery of service objectives, to determine the priorities for reviewing operational risks.

- 11.5 Strategic risk registers will inform but not drive the internal planning process and internal audit will audit those risks where controls have been identified as the means of managing the risk. Priority will be given to those risks which have a high gross score and a low net score, where the effective management of the risk is heavily dependent on the identified controls, and there is little or no other source of assurance.
- 11.6 Assurance on the strategic risk of fraud and corruption will be provided each year with some specific targeted fraud prevention and detection reviews as part of a risk assessed counter fraud programme of work.
- 11.7 Internal Audit will aim to review operational risks relating to key service activities and key systems within a five year rolling programme, dependent on an audit assessment of known risks and the reliability of other assurance sources. Some key risks where a high level of assurance is required to demonstrate the continuous effectiveness of internal controls, for example those associated with key financial systems, may be subject to annual review. The timing of reviews will be agreed in consultation with management wherever possible.

## **12. Annual Audit Plans**

- 12.1 Annual audit plans will be developed to provide a reasonable level of independent assurance on both strategic and operational risks to enable an annual opinion on the entire control environment to be given.
- 12.2 The preparation of the annual plan will also consider any strategic objectives of the service in relation to delivering any commitments under Service Level Agreements or undertaking certain reviews at particular frequencies to fulfil statutory requirements.
- 12.3 In addition to risk based assurance reviews, the annual audit plan will also include provision for advice and consultancy. This provision covers time set aside for reactive and proactive value added work and includes:
- Proactive, responsive and innovative solutions to problems and opportunities to help the organisation achieve its business objectives
  - Timely response to ad hoc requests for advice on the identification, assessment and mitigation of risks through effective controls
  - Timely response to ad hoc requests for advice on the impact of proposed policy initiatives, programmes and projects as well as responses to emerging risks
  - Planned involvement in new initiatives or working groups established to help identify and assess risk and design suitable controls
  - Undertaking VFM reviews.
  - Investigation of irregularities and suspected fraud and corruption
  - Grant certification work requiring independent assurance that grant terms and conditions have been met.

- 12.4 The level of audit resources required to deliver, at the very least, both a minimum level of independent assurance and adequate provision for advice and consultancy will be considered by the Chief Internal Auditor and Corporate Fraud Manager. Minimum assurance levels will be informed by the maturity of the Council's risk management arrangements and the reliance that can be placed on other assurance sources. Any concerns the Chief Internal Auditor and Corporate Fraud Manager has over the quantity and quality of skills available to deliver the required level of assurance, or to add value through its advice and consultancy work, will be referred to the Section 151 Officer (Chief Financial Officer) and the Audit Committee for consideration.
- 12.5 Strategic and annual plans will be considered by the Corporate Management Team and approved and monitored by the Audit Committee.

## 13. Audit Approach

- 13.1 Internal Audit will adopt a risk based approach to all assurance work as outlined below:

### **Strategic Risk**

- 13.2 Reviews of strategic risks will provide assurance that:

- Risk management processes, defined by the Council's risk management strategy and policy, are in place and are operating as intended
- Managers are responding to risks adequately and effectively so that those risks are reduced to an acceptable level
- The controls that managers have in place are successful in managing those risks

### **Operational Risk**

- 13.3 Reviews of key service delivery activities and key systems will provide assurance on the effectiveness of

- Compliance with corporate governance arrangements
- Risk identification, assessment and business continuity
- The control environment to manage identified risks and to ensure that 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, including
- Information governance (quality and integrity of financial and other management information and how it is used and communicated)

- 13.4 Internal Audit will adopt a risk based approach to evaluate the effectiveness of controls designed to mitigate risks through substantive testing and/or compliance testing. Compliance testing will confirm if a control actually exists and substantive testing will provide assurance that the control is effective and / or is consistently applied. The level of testing will be relative to the impact and likelihood of the risk occurring due to a control weakness.
- 13.5 Internal Audit will work with service managers to help embed effective risk management by supporting them to carry out a control and risk assessment (CRA) of operational risks for each audit area subject to review in advance of each assurance audit.
- 13.6 Internal Audit will agree the objectives and risks associated with each key system or service delivery area to be reviewed with the relevant service manager/key contact prior to the start of any audit to ensure that the scope and objectives of each review are focused on providing assurance on the high or significant risks identified through the CRA. Terms of reference will be issued to key contacts to formally agree the scope of each review, identified keys risks, potential impact and expected key controls.
- 13.7 The key contact is the person who is authorised by the head of service to agree resultant draft reports and the implementation of any proposed audit recommendations.
- 13.8 Terms of Reference will confirm the scope of each review and the audit approach to be applied. The latter may vary due to the nature of the risk upon which assurance is required and the extent of reliance on other assurances sources.

## **14. Audit Reporting**

- 14.1 All audit assignments will be the subject of formal reports and all assurance reviews will include an audit opinion.
- 14.2 The reporting structure is designed to ensure that final versions of reports are agreed with managers and are both accurate and practical.
- 14.3 Towards the end of an audit an exit meeting with the key contact will be arranged to share and discuss initial audit findings. If this is not practical, an informal draft report will be issued to the key contact which will set out initial findings.
- 14.4 The purpose of the exit meeting/informal draft stage is to give feedback and to eliminate any inaccuracies in audit findings so that these can be resolved before a formal draft report is issued.
- 14.5 Draft reports will ask the key contact to provide a management response to the recommendations made and agree target implementation dates and responsible officers.

- 14.6 To assist managers in their response, the importance of findings/recommendations are categorised as High, Medium or Best Practice. Details of how the importance of audit findings is assessed leading to these recommendation rankings are given in Appendix A.
- 14.7 It is the responsibility of managers to address audit findings and implement audit recommendations or other agreed appropriate action, or accept the risk resulting from not taking action.
- 14.8 An overall opinion will be provided on each assurance audit review to help inform the overall opinion required to support the Council's Annual Governance Statement.
- 14.9 The determination of the audit assurance opinion is derived from the overall level of assurance on the effectiveness of controls operating in each specific area reviewed and is informed by the risk identified through recommendation rankings. Where a Limited Assurance opinion is given the control framework in place is considered to be ineffective and requires improvement to maintain an acceptable level of control. Further details of how assurance opinions are derived are given in Appendix A.
- 14.10 Management responses to recommendations made in draft reports will be incorporated into audit reports that will then be reissued as finals. Copies of all final reports are shared with the Council's External Auditor on request.
- 14.11 The CRA will be updated with any further expected controls identified through the audit process and details of actual controls in place, and issued to key contacts as part of the reporting process. If controls are considered to be inadequate, recommended action to improve controls will also be entered to provide services managers with a form of operational risk register that, in the absence of a more formal approach to operational risk management, can then be used by service managers to regularly review identified risks and the control framework put in place to mitigate those risks, i.e. provide a basis for regular Control Risk Self-Assessment (CRSA). It is recommended that the CRSA is reviewed by service managers at least annually.
- 14.12 Wherever possible the circulation of audit reports will be agreed at the outset and will have due regard to confidentiality and legal requirements. Any information gained in the course of audit work remains confidential without limiting or preventing internal audit from meeting its reporting responsibilities to the wider organisation.
- 14.13 Internal Audit will follow-up progress made by managers in responding to draft reports and on the implementation of all high and medium priority recommendations agreed in final reports.

- 14.14 Progress on the response to draft reports issued and the implementation of agreed recommendations will be reported to Audit Committee. Any significant recommendations overdue will be reported to Committee on an exception basis each quarter. In accordance with the Committee's request, where any significant recommendations remain overdue the following quarter the responsible manager will be asked to attend Audit Committee to provide an explanation for the delay.
- 14.15 Management is required to provide a response to draft reports issued within 20 working days. If a response has not been received within this timescale the following escalation process will then be invoked:
- A reminder will be sent to the key contact, and copied into the relevant head of service, requesting a response within the next 10 days
  - If a response is still not forthcoming, a second reminder will be issued direct to the head of service, advising that if a response is not received within the next 5 days the matter will be reported to the relevant Corporate Director
  - All draft reports remaining outstanding at the end of each quarter will be reported to the Audit Committee.
- 14.16 Audit Managers will report quarterly to Service Grouping Management Teams on progress made on delivering the agreed annual plan, unplanned work carried out and any proposed amendments to the plan, overdue responses to draft reports, any significant issues arising from audit work and progress made by managers in implementing audit recommendations.
- 14.17 To help focus attention on areas of significant risk, quarterly progress reports will include by exception details of all audits resulting in a limited assurance opinion.
- 14.18 Where a limited assurance opinion is given, it is the intention of Internal Audit to follow up the audit within six months of issue to verify that the recommendations have been made in line with the agreed actions. A follow up report detailing progress made and any actions that are still to be completed will be prepared on completion of the review.

14.19 In accordance with the PSIAS, to maintain organisational independence, Internal Audit will report on the functionality of the audit service to Audit Committee by:

**Reporting a draft annual risk based audit plan for approval**

**Presenting Quarterly Internal Audit Progress reports:**

- To consider progress made in delivering the agreed annual plan
- To inform Members of significant issues arising from audit assurance work and the impact this may have if control weaknesses identified are not addressed
- To inform Members of other audit work carried out or planned
- To consider progress made by managers in the implementation of audit recommendations drawing attention to significant risks not being effectively managed

**Presenting an Annual Audit Report to:**

- Compare actual activity with planned work and performance targets
- Provide an overall opinion on the control environment
- Provide a summary of work undertaken to formulate the annual opinion on the entire control environment, including reliance placed on work by other assurance bodies
- Demonstrate the extent of compliance with the PSIAS and the results of the Quality Assurance and Improvement Programme, including internal and any external assessments carried out.
- Draw attention to any issues considered particularly relevant to the preparation of the Annual Governance Statement.

## **15. Responsibilities of Managers**

15.1 Internal Audit is involved in a wide range of internal and external relationships. The quality of these relationships impacts on the effective delivery of the service, its reputation and independence.

15.2 Internal Audit will strive to build effective working relationships with all stakeholders, internal and external, by encouraging an environment of mutual trust, confidence and understanding.

15.3 A key relationship is with managers across the organisations. Managers at all levels need complete confidence in the integrity, independence and capability of internal audit.

- 15.4 Managers' role is to manage the risks facing their service and to maintain an adequate and effective system of internal control to mitigate these risks. Managers are also responsible for ensuring that employees are aware of the processes and procedures required to operate the control systems in place.
- 15.5 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of fraud and irregularities. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.
- 15.6 Internal Audit will endeavour to plan its work so that it has a reasonable expectation of detecting significant control weaknesses and if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- 15.7 Managers are encouraged to maximise the effectiveness of the outcome of internal audit work by:
- Commenting on, and inputting to, strategic and annual audit plans.
  - Working with audit staff in the development of a control and risk assessment (CRA) for the service activity or system as part of the preparation and planning stage of each assurance review.
  - Agreeing terms of reference, informed by the CRA where applicable, for each audit assignment to ensure attention is focused on areas of greatest risk or concern.
  - Giving information and explanations that are sought during audit reviews.
  - Providing access at all reasonable times to premises, personnel, documents and assets as necessary.
  - Giving early notification of plans for change, including potential new initiatives, operational systems and processes.
  - Ensuring key contacts provide responses to draft audit reports within the required timescales.
  - Ensuring agreed actions arising from audit recommendations are carried out efficiently and on a timely basis
  - Notifying internal audit of any suspected fraud, irregularity, improper use or misappropriation of the Council's property or resources.
  - Pending investigation and reporting, take all responsible steps to prevent further loss and to secure records and documents against removal or alteration.
  - Acting in line with the Council's disciplinary procedures.

## **16. Relationship with the Audit Committee**

- 16.1 The Council has adopted best practice in implementing an Audit Committee. This committee is independent of both the Executive and Scrutiny function, and reports directly to the Council on matters it feels are relevant. Terms of Reference, reflecting best practice, have been agreed.
- 16.2 The existence of an independent and effective Audit Committee helps to convey to employees and the public the importance Members and Officers attach to risk management, corporate governance and internal control.
- 16.3 The Audit Committee is not just the concern of auditors as it has responsibility for ensuring that the Council has good corporate governance arrangements in place to help deliver the best services to support the Council's priorities, aims and objectives and ensure excellent use of resources.
- 16.4 Internal Audit is one of a number of assurance providers that contribute to the Council's corporate assurance framework. It does this by providing an opinion on the level of assurance the Council can place upon the entire internal control environment and by making recommendations to improve it. This includes Internal Audit's evaluation of the effectiveness of the Council's risk management and corporate governance arrangements.
- 16.5 It is important that the Council seeks independent assurance about the mechanisms underpinning the various aspects of governance and one of the responsibilities of the Audit Committee is to review the functionality and effectiveness of Internal Audit.

## **17. Audit Resources, Skills and Service Quality**

- 17.1 In order for Internal Audit to demonstrate high standards of professional conduct, the Internal Auditor must be impartial in discharging all responsibilities. Bias, prejudice or undue influence must not be allowed to limit or override objectivity.
- 17.2 The service is required to operate in compliance with both the PSIAS and the LGAN. Policies and standard working practices have been put in place to ensure all audit staff understand and comply with the PSIAS/LGAN.
- 17.3 An important element of the PSIAS is the requirement to undertake regular quality assurance assessments and maintain a quality assurance and improvement programme.
- 17.4 A quality assurance framework, detailing the policies, procedures and working practices under which the service operates has been defined and documented in an Audit Manual.

- 17.5 The Chief Internal Auditor and Corporate Fraud Manager is responsible for providing periodically a self-assessment on the effectiveness of the internal audit service and compliance with agreed procedures to ensure professional standards are maintained. Any areas of non-compliance with the standards and or the LGAN will be reported as part of the Annual Audit Report to Corporate Management Team and the Audit Committee.
- 17.6 In accordance with the PSIAS, an external assessment will be carried out at least every five years. The results of this external assessment will also be reported to the Corporate Management Team and the Audit Committee.
- 17.7 The service is provided by Durham County Council's in house internal audit team, supported in specialist areas as and when considered necessary by a third party partner. The staffing structure will, as far as possible, be comprised of a suitable mix of qualifications, experience and skills.
- 17.8 The Chief Internal Auditor and Corporate Fraud Manager ensures internal audit resources are sufficient to meet its responsibilities and achieve its objectives. Resource requirements are reviewed annually in relation to draft annual audit plans. Resources will be considered in terms of available days and the skills and experience of audit staff. Any concerns that the Chief Internal Auditor and Corporate Fraud Manager has regarding resources available to deliver the service in accordance with the PSIAS will be reported to the Corporate Director, Resources and the Audit Committee.
- 17.9 Individual training needs are identified in accordance with the Council's Performance Appraisal Scheme and supplemented by regular audit skills assessments and post audit reviews. As well as basic training in audit techniques and the development of specialist skills, the service is committed to coaching and mentoring its staff and to providing opportunities for continuous professional development to all staff.
- 17.10 Internal Audit maintains its awareness of national and local issues through membership and subscription to professional bodies such as CIPFA's Better Governance Forum, Technical Information Service, Finance Advisory Network (FAN), County Chief Internal Auditor Network, the Institute of Internal Auditors and through regular liaison with external audit.
- 17.11 The service will keep abreast of best audit practice by adhering to CIPFA's and the IIA's practice advisories and practice guides, where applicable, as well as networking with other internal audit service providers.
- 17.12 In this regard the service considers trends and emerging issues that could impact the organisation.
- 17.13 A suite of performance indicators (PIs) and targets has been developed to measure and monitor the performance and effectiveness of the service. The current PI's are detailed in Appendix B. PIs and targets will be reviewed annually.

17.14 In accordance with the requirements of the Accounts and Audit Regulations 2015, an annual review of the effectiveness of the internal audit service is undertaken by the Audit Committee. This will be informed by a review of the service carried out by the Corporate Director Resources and from consideration of the Quality Assurance and Improvement Programme and any internal or external assessments required by the PSIAS. By reviewing the service the Audit Committee is able to gain assurance that the service maintains its independence and objectivity, that it is effective and conforms to the expected professional quality standards so that it can place reliance on its work and the annual audit opinion.

17.15 The outcome from the annual effectiveness review is reported to the Corporate Management Team and Audit Committee as part of the Annual Internal Audit Report.

## 18. Approval and Review

18.1 The Chief Internal Auditor and Corporate Fraud Manager will review this Charter annually to ensure that it is kept up to date and fit for purpose. The Charter is endorsed by the Corporate Management Team and approved by the Audit Committee. Any amendments will be reported to the Audit Committee for approval. A copy of the Charter will be made available on the Council's intranet.

## 19. Key Contact

Name:

Tel:

Mobile:

Email:

Address

## 20. Other Related Documents

Other related documents that should be read in conjunction with this Charter are:

- Public Sector Internal Audit Standards
- CIPFA's Local Government Application Note
- The Council's Risk Management Strategy
- The Council's Constitution – Financial Procedure Rules
- The Council's Constitution – Local Code of Corporate Governance
- The Council's Constitution – Codes of Conduct
- The Council's Counter Fraud and Corruption Strategy and Fraud Response Plan
- The Council's Confidential Reporting Code (Whistle Blowing Policy)

**Findings**

Individual findings are assessed on their impact and likelihood based on the assessment rationale in the tables below:

Impact Rating	Assessment Rationale
<b>Critical</b>	<b>A finding that could have a:</b>
	<b>Critical</b> impact on operational performance (Significant disruption to service delivery)
	<b>Critical</b> monetary or financial statement impact (In excess of 5% of service income or expenditure budget )
	<b>Critical</b> breach in laws and regulations that could result in significant fine and consequences (Intervention by regulatory body or failure to maintain existing status under inspection regime)
	<b>Critical</b> impact on the reputation of the Council (Significant reputational damage with partners/central government and/or significant number of complaints from service users)
	<b>Critical</b> impact on the wellbeing of employees or the public (Loss of life/serious injury to employees or the public)
<b>Major</b>	<b>A finding that could have a:</b>
	<b>Major</b> impact on operational performance (Disruption to service delivery)
	<b>Major</b> monetary or financial statement impact (1-5% of service income or expenditure budget )
	<b>Major</b> breach in laws, regulations or internal policies and procedures (non compliance will have major impact on operational performance, monetary or financial statement impact or reputation of the service)
	<b>Major</b> impact on the reputation of the service within the Council and/or complaints from service users
<b>Minor</b>	<b>A finding that could have a:</b>
	<b>Minor</b> impact on operational performance (Very little or no disruption to service delivery)
	<b>Minor</b> monetary or financial statement impact (less than 1% of service income or expenditure budget )
	<b>Minor</b> breach in internal policies and procedures (non compliance will have very little or no impact on operational performance, monetary or financial statement impact or reputation of the service)

Likelihood	Assessment criteria
<b>Probable</b>	Highly likely that the event will occur (>50% chance of occurring)
<b>Possible</b>	Reasonable likelihood that the event will occur (10% - 50% chance of occurring)
<b>Unlikely</b>	The event is not expected to occur (<10% chance of occurring)

## ASSESSMENT OF AUDIT FINDINGS, RECOMMENDATIONS AND AUDIT OPINIONS

## APPENDIX A

### Overall Finding Rating

This grid is used to determine the overall finding rating.

LIKELIHOOD			
Probable	M	H	H
Possible	L	M	H
Unlikely	L	L	M
	Minor	Major	Critical
	<b>IMPACT</b>		

### Priority of recommendations

The definition of the priority of recommendations arising from each overall finding as follows;

<b>High</b>	Action required, that is considered <b>imperative</b> , to improve the control environment so that objectives are not exposed to unacceptable risks through lack of or weaknesses in critical or key controls.
<b>Medium</b>	Action required to improve the control environment so that objectives are not exposed to risks through weaknesses in controls.
<b>Best Practice</b>	The issue merits attention and its implementation will enhance the control environment.

### Overall Assurance Opinion

Based upon the ratings of findings and recommendations arising during the audit as summarised in risk matrix above we define the overall conclusion of the audit through the following assurance opinions:

<b>Substantial Assurance</b>	There is a sound system of control. Any weaknesses identified expose some of the system objectives to minor risk.
<b>Moderate Assurance</b>	Whilst there is basically a sound system of control, there are some weaknesses, which expose objectives to risk.
<b>Limited Assurance</b>	There are weaknesses in key areas in the system of control, which expose objectives to unacceptable levels of risk.

**PERFORMANCE INDICATORS**

**APPENDIX B**

<b>Efficiency</b>		<b>Objective: To provide maximum assurance to inform the annual audit opinion</b>
<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>
Productive audit time achieved	% of planned productive time from original approved plan completed as at 31 <sup>st</sup> March.	90% (Monthly)
Timeliness of Draft Reports	% of draft reports issued within 20 working days of end of fieldwork/closure interview  Average time taken is also reported for information	100% (Monthly)
Timeliness of Final Reports	% of final reports issued within 10 working days of receipt of management response  Average time taken is also reported for information	100% (Monthly)
Quarterly Progress Reports	Quarterly progress reports issued to Corporate Directors within one month of end of period	100% (Quarterly)
<b>Quality</b>		<b>Objective: To ensure that the service is effective and adding value</b>
<b>KPI</b>	<b>Measure of Assessment</b>	<b>Target &amp; (Frequency of Measurement)</b>
Recommendations agreed	% of Recommendations made compared with recommendations accepted	95% (Monthly)
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service good or above (3 out of 5) where 1 is poor and 5 is very good	100% (Quarterly)
Customers providing feedback Response	% of Customer returning satisfaction returns	70% (Quarterly)

## DEFINITIONS UNDER PSIAS

## APPENDIX C

**Public Sector Internal Audit Standards****Definition of the terms 'Board' and 'Senior Management' for the purpose of Internal Audit Activity**

Standard		Reference to board or senior management	Proposed body/group to fulfil role	
Ref	Title		Senior Management	Board
1000	Purpose, authority and responsibility	<b>Senior Management</b> and the <b>board</b> must approve the Internal Audit Charter	Corporate Management Team (CMT)	The Audit Committee
1110	Organisational Independence	<p>The Chief Audit Executive (CAE) must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The CAE must confirm to the <b>board</b> at least annually the organisational independence of the Internal Audit activity.</p> <p>The CAE must report functionality to the <b>board</b>. The CAE must also establish effective communication with, and have free and unfettered access to the Chief Executive and the Chair of the Audit Committee.</p> <p>Functionality includes:</p> <ul style="list-style-type: none"> <li>• Approving the Internal Audit Charter</li> <li>• Approving the Risk Based Internal Audit Plan</li> <li>• *Approving the internal audit budget and resource plan</li> </ul>		<p>The Audit Committee</p> <p>The Audit Committee with the exception of those functions marked with an* which are the responsibility of the Corporate Director, Resources who has delegated authority from Council to maintain an effective internal service.</p> <p><b>Note</b></p>

**DEFINITIONS UNDER PSIAS**

**APPENDIX C**

		<ul style="list-style-type: none"> <li>• Receiving communications for the CAE on the internal audit activity’s performance relative to its plan and other matters</li> <li>• *Approving decisions regarding the appointment and removal of the CAE</li> <li>• *Approving the remuneration of the CAE and</li> <li>• Making appropriate enquiries of management and the CAE to determine whether there are inappropriate enquires of management and CAE to determine whether there are inappropriate scope or resources limitations</li> </ul>		<p>The public sector interpretation with the PSIAS acknowledges that in the UK public sector the board would not generally approve the CAE’s remuneration.</p> <p><i>“The underlying principle is that the independence of the CAE is safeguarded by ensuring that his or her remuneration or performance assessment is not inappropriately influenced by those subject to audit. In the UK public sector this can be achieved by ensuring that the Chief Executive undertakes, countersigns, contributes feedback to or reviews the performance appraisal of the CAE and that feedback is also sought from the Chair of the Audit Committee “</i></p>
1130. C2	Impairment to Independence or Objectivity	Approval must be sought from the <b>board</b> for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement		The Audit Committee
1312	Quality Assurance and Improvement Programme (QAIP)	External Assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team form outside the organisation. The CAE must discuss with the <b>board</b> :		The Audit Committee
		<ul style="list-style-type: none"> <li>• The form of external assessments</li> </ul>		

## DEFINITIONS UNDER PSIAS

## APPENDIX C

		<ul style="list-style-type: none"> <li>The qualifications and independence of the external assessor or assessment, including any potential conflict of interests</li> </ul> <p>NB The Public Sector requirement of this standard states,</p> <p><b>“The CAE must agree the scope of external assessments with an appropriate sponsor e.g. the Accounting/Accountable Officer or Chair of the audit committee as well as with the external assessor or assessment team”</b></p>		
1320	Reporting the results of QAIP	The CAE must communicate the results of the quality assurance and improvement programme to <b>senior management</b> and the <b>board</b> .	CMT	The Audit Committee
1322	Disclosure of Non - Conformance	Instances of non-conformance with the definition of Internal Auditing , the Code of Ethics or the standards impacts the overall scope or operation of the Internal Audit Activity, must be reported to the <b>board</b> by the CAE. More significant deviations must be considered for inclusion in the annual governance statement		The Audit Committee

**DEFINITIONS UNDER PSIAS**

**APPENDIX C**

2020	Communications and Approval	<p>The CAE must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to <b>senior management</b> and the <b>board</b> for review and approval.</p> <p>Where the CAE believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the <b>board</b>.</p>	CMT	The Audit Committee
2060	Reporting to Senior Management and the Board	<p>The CAE must report periodically to <b>senior management</b> and the <b>board</b> on the internal audit activity’s purpose, authority, responsibility and performance relative to its plan. Reporting must include significant risk exposures and control issues, including fraud risks governance issues and other matters needed or requested by senior management and the board.</p>	CMT	The Audit Committee
2600	Communicating the Acceptance of Risk	<p>When the CAE concludes that management has accepted a low level of risk that may be unacceptable to the organisation, the CAE must discuss the matter with <b>senior management</b>. If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the <b>board</b>.</p>	CMT	The Audit Committee

**NB. The role of Chief Audit Executive referred to in the Standards is that undertaken by the Chief Internal Auditor and Corporate Fraud Manager.**

**APPENDIX 4**

**DURHAM COUNTY COUNCIL - INTERNAL AUDIT PLAN FOR FIRST SIX-MONTH PERIOD OF 2022/2023: 01 APRIL 2022 TO 30 SEPTEMBER 2022**

Service Grouping	Audit Activity	Audit Type	Days
Adult and Health Services	Integration of the Health and Care Plan County Durham	Advice & Consultancy	10.0
Adult and Health Services	Commissioning of Residential Care	Assurance	12.0
Adult and Health Services	Commissioning of Domiciliary Care	Assurance	12.0
Adult and Health Services	COVID-19 Test and Trace Service Support Grant	Grant Claim	5.0
Adult and Health Services	Azeus - Governance Board	Assurance	5.0
Adult and Health Services	Azeus - Post Go Live	Assurance	35.0
Adult and Health Services	Workforce Development Fund	Grant Claim	3.0
Adult and Health Services	Mental Health Alliance Project Board	Advice & Consultancy	2.0
Adult and Health Services	Pharmoutcomes Data Matching	Advice & Consultancy	5.0
Children and Young People's Services	Special Guardianship and Child Arrangement Orders	Follow Up Review	7.0
Children and Young People's Services	Local Adoption Governance	Assurance	12.0
Children and Young People's Services	Placement Resource Panel	Assurance	12.0
Children and Young People's Services	Home to School Transport Review	Advice & Consultancy	5.0
Children and Young People's Services	Liquidlogic Developments -Project Board Meetings		5.0
Children and Young People's Services	Liquidlogic Developments - Financial Process meetings	Advice & Consultancy	25.0
Children and Young People's Services	Supporting Families Programme	Grant Claim	5.0
Children and Young People's Services	High Needs Funding - Follow Up (2)	Follow Up	5.0
Children and Young People's Services	Governor Training	Advice and Consultancy	5.0
Children and Young People's Services	Caldicott Group	Advice & Consultancy	2.0
Neighbourhoods and Climate Change	Review of arrangements for reporting on carbon emissions performance	Assurance	12.0
Neighbourhoods and Climate Change	Carbon Connects	Grant	5.0
Neighbourhoods and Climate Change	SMEPower (Claim 6)	Grant	3.0
Neighbourhoods and Climate Change	InnovateUK	Grant	2.0
Neighbourhoods and Climate Change	Domestic Vehicle Charging Working Group	Advice and Consultancy	1.0
Neighbourhoods and Climate Change	Local Transport Capital Block Funding for NECA	Grant	4.0
Regeneration, Economy and Growth	Technical Assets and Inventory	Advice and Consultancy	5.0
Regeneration, Economy and Growth	Policies and procedures for due diligence on new tenants	Advice and Consultancy	5.0
Regeneration, Economy and Growth	Bishop Auckland Heritage Action Zone	Grant	3.0
Regeneration, Economy and Growth	Disabled Facilities Grant	Grant	6.0
Regeneration, Economy and Growth	Green Homes Grant	Grant	4.0
Regeneration, Economy and Growth	Selective Licensing Group	Advice and Consultancy	1.0
Regeneration, Economy and Growth	Local Transport Capital Block Funding	Grant	3.0
Regeneration, Economy and Growth	Bus Subsidy Ring Fenced Grant	Grant	5.0
Regeneration, Economy and Growth	CLUK Income Share Agreement	Assurance	7.0

Service Grouping	Audit Activity	Audit Type	Days
Resources	Housing Benefits and Council Tax Reduction - Accuracy Award Indicator	Advice and Consultancy	10.0
Resources	Financial Assessments	Assurance	15.0
Resources	Data Quality	Assurance	12.0
Resources	RIPA Officers Group	Advice and Consultancy	1.0
Resources	External Legal Fees	Advice and Consultancy	5.0
Resources	Company Governance Group	Advice and Consultancy	2.0
Resources	Information Governance Group	Advice and Consultancy	2.0
Resources	SLA Board	Advice and Consultancy	1.0
Resources	Tendering System - System Implementation	Advice and Consultancy	5.0
Resources	Rapid Improvement Workshops	Advice and Consultancy	2.0
Resources	Business Support links to Payroll and Employee Services (PES)	Advice and Consultancy	3.0
Resources	Creditors - Invoice and PO Authorisation (PO Hierarchy)	Key System	12.0
Resources	Petty Cash and Payment Cards Workstream	Advice and Consultancy	1.0
Resources	Business, Energy and Industrial Strategy (BEIS) Grant Evidence	Advice and Consultancy	1.0
Resources	ResourceLink Programme Board	Advice and Consultancy	1.0
Resources	Enforcement Arrangements	Advice and Consultancy	2.0
Resources	Incident Management	Assurance	7.0
Resources	Digital Durham	Grant	2.0
Resources	Police and Crime Panel	Grant	2.0

**APPENDIX 5**

**DURHAM COUNTY COUNCIL - INTERNAL AUDIT PLAN FOR SECOND SIX-MONTH PERIOD OF 2022/2023: 01 OCTOBER 2022 TO 31 MARCH 2023**

Service Grouping	Audit Activity	Audit Type	Days
Adult and Health Services	Direct Payments	Assurance	22.0
Adult and Health Services	Continuing Health Care and Free Nursing Care	Assurance	22.0
Adult and Health Services	Section 117	Assurance	12.0
Adult and Health Services	Public Health Claims processed via Pharmoutcomes	Assurance	17.0
Adult and Health Services	Stop Smoking Service Contract	Assurance	12.0
Adult and Health Services	Transitional Arrangements between Childrens and Adult Services	Assurance	12.0
Adult and Health Services	Approval and Payment of Commissioned Services - Panel arrangements for payments to	Assurance	12.0
Children and Young People's Services	Adoption Payments	Assurance	15.0
Children and Young People's Services	Disability Commissioning Arrangements (Short Breaks)	Assurance	12.0
Children and Young People's Services	Children In Need	Assurance	15.0
Children and Young People's Services	Supervised Spend - Leaving Care Service	Assurance	15.0
Children and Young People's Services	In & Out of County Placements	Assurance	12.0
Children and Young People's Services	Supporting Families Programme	Grant Claim	5.0
Children and Young People's Services	Secure Services - Contract with YJB	Assurance	12.0
Children and Young People's Services	High Needs Top Up funding arrangements in Schools	Assurance	15.0
Children and Young People's Services	Benevolent Fund	Assurance	5.0
Children and Young People's Services	SFVS	Assurance	10.0
Children and Young People's Services	Developing Financial Management Standards in Schools	Advice and Consultancy	2.0
Children and Young People's Services	Durham Music Service	Assurance	12.0
Children and Young People's Services	Review of Swimming SLA	Assurance	8.0
Children and Young People's Services	Caldicott Compliance	Assurance	10.0
Neighbourhoods and Climate Change	Fees and Charges	Assurance	12.0
Neighbourhoods and Climate Change	Civil Penalties	Assurance	12.0
Neighbourhoods and Climate Change	Anti Social Behaviour	Advice and Consultancy	12.0
Neighbourhoods and Climate Change	Trade Waste	Assurance	12.0
Neighbourhoods and Climate Change	Charging Arrangements	Assurance	12.0
Neighbourhoods and Climate Change	Rebus	Grant	5.0
Neighbourhoods and Climate Change	Carbon Connects (2)	Grant	5.0
Neighbourhoods and Climate Change	SMEPower (Claim 7)	Grant	3.0
Neighbourhoods and Climate Change	Pest Control	Assurance	12.0
Regeneration, Economy and Growth	Asset Valuation	Assurance	20.0
Regeneration, Economy and Growth	Choice Based Letting Scheme	Assurance	12.0
Regeneration, Economy and Growth	Finance Durham	Assurance	12.0
Regeneration, Economy and Growth	Rolling Programme of Leisure Centres	Assurance	15.0

Service Grouping	Audit Activity	Audit Type	Days
Regeneration, Economy and Growth	Stanley Bowls	Audit of Accounts	1.0
Regeneration, Economy and Growth	Consett Empire Theatre	Assurance	12.0
Regeneration, Economy and Growth	Gala Theatre and Cinema	Assurance	12.0
Resources	Deputies and Appointees - Personal Allowance Payments	Assurance	15.0
Resources	Members Expenses	Assurance	12.0
Resources	Bank Reconciliation	Key System	5.0
Resources	Direct Debit Payments	Key System	7.0
Resources	Short Term Investments	Key System	10.0
Resources	Leases - IFRS16	Assurance	12.0
Resources	Budgetary Control and Financial Reporting	Key System	12.0
Resources	Section 256 Agreements	Grant	7.0
Resources	Better Care Fund and Improved BCF (Sn 75)	Grant	5.0
Resources	Contract Management	Assurance	10.0
Resources	Creditors - Overarching	Key System	1.0
Resources	Creditors - Receipting of Goods	Key System	12.0
Resources	Payroll - Overarching	Key System	1.0
Resources	Payroll - Preparation: Temporary Input	Key System	12.0
Resources	Business Rates - Overarching	Key System	1.0
Resources	Business Rates - Valuation	Key System	12.0
Resources	Business Rates - Billing and refunds	Key System	12.0
Resources	Housing Benefit and CTR - Overarching	Key System	1.0
Resources	Housing Benefit and CTR - Overpayment Recovery	Key System	6.0
Resources	Housing Benefits and Council Tax Reduction - Supported Accommodation	Advice and Consultancy	12.0
Resources	Council Tax - Overarching	Key System	1.0
Resources	Council Tax - Valuation	Key System	12.0
Resources	Cash Management	Key System	12.0
Resources	Debtors	Key System	12.0
Resources	Active Directory	Assurance	7.0
Resources	IT Asset Management	Assurance	7.0
Resources	Project Genesis	Advice and Consultancy	5.0

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# Bishop Auckland Investment

## Audit Committee

Geoff Paul : May 2022



# Investment Funds in Bishop Auckland

## Two major Government Sponsored Funds

- |   |             |
|---|-------------|
| • Future High Street Fund (13 Projects 2021-24) | £19,856,853 |
| • Stronger Towns Fund (9 Projects 2021 – 26)    | £33,200,000 |

**DCC : Delivery and Accountable Body**

## Other Investments

- |  |              |
|--|--------------|
| • Heritage Action Zone (44 Projects 2018-23) | £1,200,000   |
| • The Auckland Project (7 Projects)          | £240,000,000 |
| • Leisure Transformation <b>(DCC)</b>        | £20,000,000  |
| • Levelling Up Fund <b>(DCC)</b>             | £30,860,000  |

# Current Project Status - Project Position

		2021/22				2022/23				2023/24				2024/25				2025/26			
project		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
FHSF	Bus Station	Design	Design	Design	Design	Design	Design	Design	Design	Delivery	Delivery	Delivery	Delivery	Delivery	Delivery						
	MSCP	Design	Design	Design	Design	Design	Design	Design	Design	Delivery	Delivery	Delivery	Delivery	Delivery							
	Public Realm Links										Delivery	Delivery	Delivery	Delivery							
	Junction Improvements										Delivery	Delivery	Delivery	Delivery							
	Kingsway Cr Park						Approval	Delivery													
	Spanish Gallery Spill Out Space										Delivery	Delivery	Delivery	Delivery							
	Queens Head / Hotel *						Approval	Delivery													
	Property Reuse Fund						Approval	Delivery													
	9-11 Newgate St						Approval	Delivery													
STF	ESAC										Approval	Delivery									
	Town Centre Diversification *						Approval	Delivery													
	Durham Dales Gateway *						Approval	Delivery													
	South Church Workspace						Approval	Delivery													
	Springboard to Employment *						Approval	Delivery													
	Heritage Walking and Cycling						Approval	Delivery													
	Tindale Triangle Infrastructure						Approval	Delivery													
Design		Design																			
Approval		Approval																			
Delivery		Delivery																			

\* Projects sponsored and delivered by partners

# Future High Street Fund Governance

- Funds for projects secured
- Programme management and the majority of delivery sits with DCC
- No required external governance arrangements
- Formal Government working arrangements covered by annual MOU – CEO sign off
- Change and monitoring process requires Chief Exec / s151 sign off
- Project delivery reported to Delivery Board & Major Project Board ( REG : Regeneration, Economy, Growth)
- DCC is the accountable body

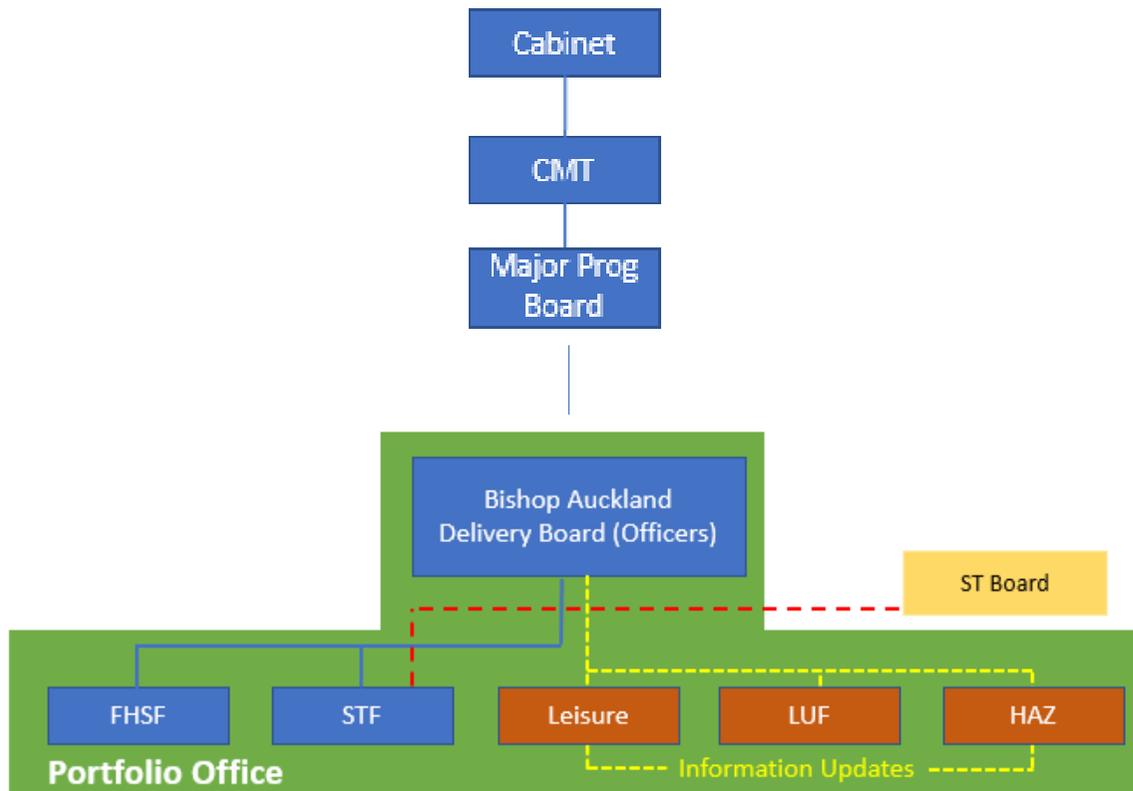
# Stronger Towns Fund Governance

- Government requirements for formal partnership establishment with named organisation input and transparent operations
- Stronger Town Board
- Funds subject to approval of Business Case by Government (6 July \*)
- More partner delivery, but majority still DCC led
- Bidding, business case assurance and implementation role shared by DCC / Stronger Town Board
- Heads of Terms funding offer completed August 2021
- Change and monitoring process requires Chief Exec / s151 sign off
- Project delivery reported to Delivery Board & Major Project Board
- DCC is the accountable body

# Governance & Engagement

- DCC focus to ensure programme co-ordination, project delivery, and discharge legal responsibilities as accountable body for FHSF and STF
- Continue joint working arrangements with key partners eg TAP, College, 11 Arches
- Formalise monitoring and oversight through Delivery Board
  - REG, Finance and Legal inputs
  - Focus on Performance, expenditure and risk identification / mitigation
- Stronger Town Board oversight role remains for Business Case sign off & progress updates for STF projects only.
- Creation of 'Strategic Advisory Group' made up of local DCC members and a representative from the various groups/ organisations within BA to aid transparency and communications

# DCC : Delivery & Accountable Body



## DCC Role

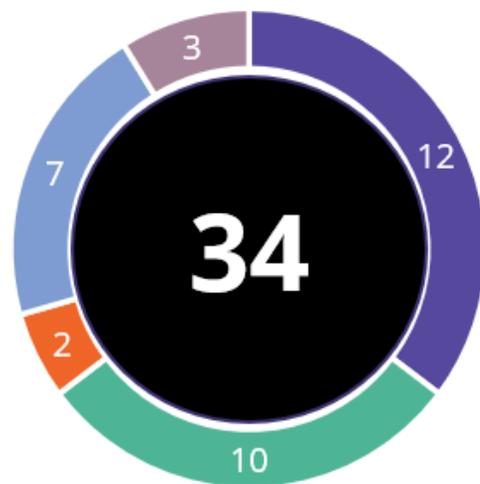
- **STB** : Continue to support Board in its role
- **Programme Co-Ordination**
- Project Delivery : Individual Projects across all funding streams
- Delivery performance
- Risk management and escalations
- **Accountable Body**
- Responsibility for delivery of FHSF and STF projects
- Due diligence : allocated funding
- Formal feedback & returns with BEIS / DLUHC

# Bishop Auckland Delivery Board

- Established during 2021 to provide additional programme management oversight and capacity
- Senior level representation inc S151 & Legal representative
- Monthly programme tracker updates finance, performance and risk identification + mitigation
- Oversight of Project business case development and assurance
- Feeds into Major Programme Board oversight process.

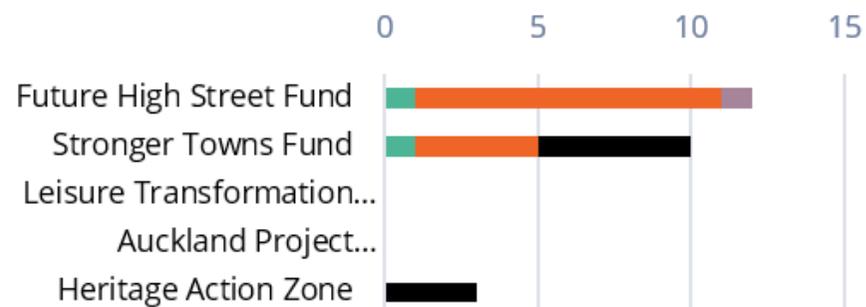
## Active Projects

### Total Projects by Funding Route



- Future High Street Fund
- Stronger Towns Fund
- Leisure Transformation Progr.
- Auckland Project Programme
- Heritage Action Zone

### Project Status



- RIBA 0
- RIBA 1
- RIBA 2
- RIBA 3
- RIBA 4
- RIBA 5
- RIBA 6
- RIBA 7
- N/A/ Not Specified

# Summary Key Issues

- Multiple funding Streams with different funding arrangements
- Mix of external governance / partnership inputs
- Consistent DCC Accountable Body role
- Internal processes reinforced to ensure oversight of performance, expenditure and risk

# Questions ?



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

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