

Date: Wednesday 31 May 2023 at 4.00 pm

Venue: Jim Cooke Conference Suite, Stockton Central Library, Church Road,
Stockton on Tees TS18 1TU

Cllr Barry Woodhouse (Chair)
Cllr Stefan Houghton (Vice-Chair)

Cllr Marc Besford
Cllr Tony Riordan
Cllr Mick Stoker
Cllr Laura Tunney

Cllr Ross Patterson
Cllr Paul Rowling
Cllr Emily Tate

AGENDA

- 1 Evacuation Procedure**
- 2 Apologies for Absence**
- 3 Declarations of Interest**
- 4 Minutes**

Draft Minutes from the meeting which was held 23rd March 2023 (Pages 7 - 10)
- 5 Constitution Update** (Pages 11 - 14)
- 6 Health & Safety Report** (Pages 15 - 24)
- 7 Internal Audit Annual Report** (Pages 25 - 38)
- 8 Risk Register Update and Audit Activity** (Pages 39 - 42)
- 9 Verbal Update Annual Accounts 2021/22 & 2022/23**
- 10 Work Programme** (Pages 43 - 44)

Members of the Public - Rights to Attend Meeting

With the exception of any item identified above as containing exempt or confidential information under the Local Government Act 1972 Section 100A(4), members of the public are entitled to attend this meeting and/or have access to the agenda papers.

Persons wishing to obtain any further information on this meeting, including the opportunities available for any member of the public to speak at the meeting; or for details of access to the meeting for disabled people, please

Contact: John Devine, Democratic Services Officer on email john.devine@stockton.gov.uk

KEY - Declarable interests are:-

- Disclosable Pecuniary Interests (DPI's)
- Other Registerable Interests (ORI's)
- Non Registerable Interests (NRI's)

Members – Declaration of Interest Guidance



Table 1 - Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and property	Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2 – Other Registerable Interest

You must register as an Other Registrable Interest:

- a) any unpaid directorships
- b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority
- c) any body
 - (i) exercising functions of a public nature
 - (ii) directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management

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AUDIT AND GOVERNANCE COMMITTEE

A meeting of Audit and Governance Committee was held on Thursday 23 March 2023.

Present: Cllr Barry Woodhouse (Chair), Cllr Stefan Houghton, Cllr Ross Patterson and Cllr Laura Tunney.

Officers: Andy Bryson ((DoF, D&R)), Andrew Barber, Derek Macdonald and John Devine ((CS)).

Also in attendance: Gavin Barker (Mazars)

Apologies: Cllr Lauriane Povey (Vice-Chair), Cllr Chris Barlow, Cllr Eileen Johnson and Cllr Mick Stoker.

AGC/37/22 Evacuation Procedure

The evacuation procedure was noted.

AGC/38/22 Declarations of Interest

There were no declarations of interest.

AGC/39/22 Minutes

Consideration was given to the minutes from the meeting which was held on the 28th November 2022 for approval and signature.

RESOLVED that the minutes be approved as a correct record by the Chair.

AGC/40/22 Health & Safety Report

Members were presented with the Health and Safety Report which provided the Committee with an update on the health, safety, and wellbeing performance of the Council for the period 1st October – 31st December 2022.

RESOLVED the report be noted.

AGC/41/22 Risk Register Update and Audit Activity

Members were presented with the Corporate Risk Register Update and Internal Audit Activity Report.

The Committee was reminded that quarterly reports on the Corporate Risk Register was presented for the purpose of reviewing the key risks that had been identified as having the potential to deflect services from achieving their objectives over the next 12 months and beyond. The report also set out the actions being taken to ensure that the risks, and possible adverse outcomes, were minimised. As a reminder, risks were scored on a scale of one to five for both 'impact' and 'likelihood'.

The main topics highlighted were as follows:

Governance Training which had been identified in a previous meeting as a red control,

had improved from a 62% completion rate to a 74%. This would still be highlighted as a red control, but it was a positive trend.

Two other red controls were identified in relation to the availability of fit notes and a backlog in case supervision. Both showing positive trends for improvement going forward.

RESOLVED the report be noted.

AGC/42/22 Internal Audit Charter

Members were presented with a report to advise of the Internal Audit Charter and proposed approach to delivering the audit service for the coming audit year 2023-24. The Audit and Risk Manager reaffirmed to Members how the Audit Service would be delivered and confirmed the rights of access to council documents. The Council met all standards as set out in the statutory guidance.

RESOLVED that the report be noted.

AGC/43/22 Peer Review Report

Officers presented the External Quality Assessment Peer Review to Members; the purpose of the report was to advise Members of the results of the review of the Internal Audit Service.

The review by Chartered Institute of Public Finance and Accountancy (CIPFA) was completed in December 2022 on the basis of a validation of our own self-assessment. The final report shows that the Internal Audit Service was fully compliant with all aspects of the standards.

CIPFA identified four areas where advice was given to improve the service further, three of those areas related to introduce wording to reports/documents to further strengthen them. The fourth area relates to an acknowledgement of wider section issues relations to staff recruitment.

The service received positive feedback around their approach to delivering the service, the strong links with risk, the clarity of reporting and use of dashboards to provide managers with live data on the result of Audit work, were highlighted specifically.

The Chair of the committee noted the level of investigation by CIPFA was impressive and in depth. Officers echoed the Chairs comments in regards to the depth and scope of the investigation.

Members of the Committee asked Officers to take back their praise to the department.

RESOLVED the report be noted.

AGC/44/22 Verbal Update Annual Accounts 2021/22 - Delay in Signoff

It was the intention of Officers and External Auditors to present the 2021/22 accounts to the Committee for final approval and sign off. Unfortunately, due to continued delays and additional issues with the Teesside Pension Fund audit assurance, which are outside of the control of the Authority and Mazars, presenting the accounts was not possible. Officers gave Members a detailed verbal update outlining reasons which had caused the approval and sign off, of the Annual Accounts for 2021/22 to be delayed.

Officers noted that due to the continuing pension fund issues and backlog of external

audits nationally, there is likely to be an impact on the Authority being able to produce and present the 2022/23 accounts within statutory deadlines. The deadline for the 2022/23 Draft Accounts is 31st May 2023 and final accounts following external audit has been set as the 30th of September 2023.

Members and Officers agreed that a briefing note would be drafted and presented at the next committee meeting following local elections in May 2023.

RESOLVED the update be noted.

AGC/45/22 Work Programme 2022/23

The Work Programme was noted.

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AGENDA ITEM

**REPORT TO AUDIT &
GOVERNANCE COMMITTEE**

31st May 2023

**REPORT OF CORPORATE
MANAGEMENT TEAM**

COUNCIL’S CONSTITUTION

SUMMARY

This report presents the updated Constitution which was agreed by Council 22nd March 2023.

RECOMMENDATION

It is recommended that:

1. The amendments specified in the table in this report and shown in tracked changes in the amended Constitution be noted by the Audit and Governance Committee.

DETAIL

1. All Local Authorities in England have a statutory duty under the Local Government Act 2000 to maintain an up to date Constitution and to make their Constitution publicly available.
2. The Monitoring Officer, on behalf of and in consultation with the Chief Executive, has a responsibility under paragraph 1.37 of the Constitution to monitor and review the Constitution on a regular basis and has delegated authority to make changes to the Constitution, to, amongst other minor changes, reflect the Council’s structures and decision making requirements.
3. The Monitoring Officer proposed the following changes to Council which were agreed 22nd March 2023, to reflect the working practices of the Council or for clarification. The reasons for each proposed change is specified in the table.

Page No	Paragraph No	Reason for Amendment
15	2.4(d)	Added wording to clarify that only the additional finances will be determined by Council where main decision is an executive decision
18	2.16 (c)	For clarification
19	2.17	For clarification
24	Heading	For clarification
29	2.49 (e) and (f)	To reflect the current arrangements

31	2.53	To delegate decisions about traffic regulation orders to officers if 5 or less objections have been received during the statutory consultation period
44	2.130	To reflect the current position
47	2.153A	To insert a new paragraph to give the Chief Executive the power to make urgent decisions and to mirror the existing power of the CEX to make urgent Cabinet decisions
61	3.42	To clarify that specified functions cannot be determined by Council
72	3.114	To be consistent with committee rules
72	3.116	To be consistent with committee rules
72/73	3.119	For clarification
73	3.121	For consistency with legislation
74	3.125(b)	For consistency with legislation
78	3.138	For consistency with legislation
78	3.140(b)	Not required under Regulations
78	3.141	Not required under Regulations
91	3.183(a)	Not required under Regulations – delete if removed from urgency procedures
95	3.190	New strategies that need approval of council – and delete capital strategy and investment strategy from 3.191
97	3.205	To distinguish between executive and non-executive functions – and clarify that Council cannot make executive decisions by way of amendment or motion to Council
97	3.206	For clarification between executive and non-executive functions
97	3.208	Unnecessarily restricts urgency decisions
100	3.216	Virements would be within the context of the overall approved MTFP
107	Table below 3.260	To reflect increased statutory thresholds
115	Standstill Period Table	To reflect increased statutory thresholds
132	4.42	To correct a typing error and reflect the LGA model code of conduct
133	4.43	To be consistent with the LGA model code of conduct

4. A tracked-changes version of the Constitution highlighting the amendments referred to in this report is available on the Members area of the Intranet
<https://intranet.stockton.gov.uk/members/constitution-and-procedure-rules/>
<https://intranet.stockton.gov.uk/media/343229/constitution-may-2022-tracked-changes.docx>

COMMUNITY IMPACT IMPLICATIONS

1. There will be no community impact implications arising from this report

FINANCIAL IMPLICATIONS

1. There are no financial implications arising from this report. The cost of the review of the Constitution is covered by the ongoing revenue budget for the Corporate Services Directorate.

LEGAL IMPLICATIONS

1. Section 37 of the Local Government Act 2000 requires the Council to keep its Constitution under review. The Constitution delegates authority to the Monitoring Officer to review the constitution and make minor changes but other changes require the approval of Council.

RISK ASSESSMENT

1. This report is categorised as low to medium risk.

CORPORATE PARENTING IMPLICATIONS

1. There are no corporate parenting implications as a direct result of this report.

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AGENDA

REPORT TO AUDIT & GOVERNANCE COMMITTEE

Issue Date: 31.5.2023

REPORT OF DIRECTOR OF CORPORATE SERVICES

HEALTH AND SAFETY REPORT

SUMMARY

This report provides an update on the health, safety and wellbeing performance of the Council for the period 1st April 2022 – 31st March 2023.

RECOMMENDATION

1. The current position as identified in the report is noted.

DETAIL

1. This detail encapsulates the regular, non-responsive activity of the Health and Safety Team including accident and assault data:
 - Health and Safety Training
 - Health and Wellbeing Update
 - Audit Programme
 - Construction (Design and Management) Regulations 2015
 - School's Educational Residential Visits
 - Employee Protection Register Activity
 - Accidents Reported
 - Physical Assaults Reported
 - Verbal Assaults Reported

Health & Safety Activity

Health and Safety Training

1. **27** corporate health and safety training courses were delivered to **166** delegates.
17 bespoke courses to **149** delegates.

Two Institution of Occupational Safety and Health certificated Managing Safely courses were attended by **24** candidates, **16** internal & **8** externals.

39 online training events were attended by **787** delegates.

In total, **85** health and safety training courses were delivered to **1119** employees and **8** external candidates.

Further details of training activity can be found at **Appendix 1**.

Health and Well-being Update

2. Health and wellbeing support provides a range of interventions to maintain good physical and mental health, aiding workforce recovery and recuperation. Referrals include:

1st April 2022 – 31st March 2023.

Physiotherapy Referrals	224
Workplace Assessment Referrals	67
Physiotherapy Sessions	911
Workplace Assessment Sessions	85
Scans	0
Podiatrist referrals	16
Podiatrist sessions	14
Display Screen Equipment (DSE) Training and Assessments Undertaken	164
Display Screen Equipment Eye Test Vouchers Requested	114

Audit Programme

3. The number of health and safety audits completed within the reporting period was **49**

Individual Overall Audit Opinion

Opinion	Definition	No of Audit opinions	% of total
Full assurance	A robust system of control exists with evidence of a consistent application of the safety management safeguards, but opportunity for continued improvement may exist in some control areas	25	51
Substantial assurance	A robust system of control exists, but improvement is needed to enhance the safety management safeguards.	23	47
Moderate assurance	Safety management safeguards are being applied but there are weaknesses compromising resilience to risk and consequent harm.	1	2
Partial assurance	There is a limited or inconsistent application of the safety management safeguards, substantially compromising resilience to risk and consequent harm.		
No Assurance	The safety management safeguards are failing and require urgent management action.		
Total No of Audits		49	100%

Audit Assurance Levels Summary

Priority	Definition	No of recommendations	%
Prudent	Beneficial to improve the control of the safety management safeguards.	70	30
Significant	Required action to reduce an identified risk or to mitigate against the failure of one or more safety management safeguards or control systems.	118	51
Substantial	Action required to be taken as a matter of priority to mitigate against a substantial risk and to manage the residual risk	34	15
Urgent	Urgent action required to be taken immediately to mitigate against a serious non-compliance or risk of harm and to manage the residual risk.	4	2
Observation	Comment on a system or procedures, or something that may be improved upon, but not of such significance to justify a non-conformity.	4	2
Total No of recommendations		230	100%

Construction (Design & Management) Regulations 2015 Client Adviser.

4. The revised Regulations came into force on 6 April 2015. The Health & Safety Executive (HSE) objectives behind the new regulations are far-reaching and mark a significant shift in the health and safety regulatory regime for procurement, design and delivery of construction projects.

The Regulations apply to all construction work whether or not the project is notifiable to the HSE and impose specific duties onto:

- Clients,
- Principal Designers,
- Designers,
- Principal and Sub-contractors,
- Others involved with the project.

Subject to the size and complexity of individual projects, the Health and Safety Unit act as 'CDM Advisor' to the Client and or the Principal Designer, as duty holders. The CDM Advisor carries out functions including:

- notification to the regulator, the HSE
- production of Pre-construction Information
- appraisal of the Principal Contractors Construction Phase Plan
- provision of construction health & safety advice.

During the reporting period, **23** Pre-Construction Information Documents were issued.

A total of **45** hours of resources were dedicated to the preparation, planning, monitoring and reviewing of a broad range capital works construction projects to ensure compliance with the CDM Regulations and other associated statutory provisions.

Design Stage

Ensuring design management arrangements are in place, providing pro-active and practical help to Clients and designers in response to individual project's demands.

Facilitating design risk management process, providing advice and assistance to Clients and designers on risk reduction and health and safety management in design.

Pre Construction Stage

Appraise and approve Contractor's Construction Phase Health and Safety Plan.

Ensuring construction management arrangements are in place prior to works commencing.

Ensure effective co-operation and co-ordination and that sufficient time has been allocated for planning and preparation of project safety. provide when requested advice on competence of Client appointments – Principal Contractors.

Construction Phase

Ensure construction management systems remain in place for the duration of the construction phase.

Liaise with Client, Designer, Principal Contractor throughout the construction phase to ensure safe design and build.

Conduct site inspections on certain construction sites where there may be specific risks to the general public.

Educational Visits Adviser Activity.

5. During the reporting period, the safety management safeguards of **15** school's educational residential visits were appraised, challenged, and endorsed, to safeguard **859** pupils.

School Type	Domestic	Foreign	Pupils
Primary School	15	2	804
Secondary School	2	0	55
Specialist School's	0	0	0
Totals	17	2	859
Total Trips	19		

Employee Protection Register

6. The Employee Protection Register is an on-line database of known data-subjects who present an identified risk to the safety of the Council's and partner organisation's workforce.

System Administrators	Approvers	Authors	Search Only Users
3	23	33	486
Total users: 545			

Accident and Assault Incidence

Accidents

7. Accidents reported to the Health & Safety Unit during this period were **135**. This compares with **106** in the previous reporting period.

Further details at **Appendix 2, table 1**

Physical Assaults

8. Physical Assaults reported to the Health & Safety Unit this period were **287**. This compares with **214** in the previous reporting period.

Further details at **Appendix 2, table 2**

Verbal Assaults

9. Verbal Assaults reported to the Health & Safety Unit this period were **7**. This compares with **3** in the previous reporting period.

Further details at **Appendix 2, table 3**

FINANCIAL AND LEGAL IMPLICATIONS

Financial

10. None

Legal

11. The Health and Safety team enable the Authority to comply with Regulation 7 of the Management of Health and Safety at Work Regulations 1999, to assist in complying with the requirements and prohibitions imposed under relevant statutory provisions.

RISK ASSESSMENT

12. The activity of the Health and Safety Team in conjunction with Line Manager's support, contribute to the effective identification and mitigation of a broad range of occupational health and safety risks.

COUNCIL PLAN IMPLICATIONS

13. None

CONSULTATION

14. None

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Assistant Director Procurement and Governance
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Background Papers: Health and Safety Policy 2023

Ward(s) and Ward Councillors: None

Property Implications: None

Appendix 1

Health & Safety Training

	Corporate Training Courses	Asbestos Awareness	Control of Contractors	COSHH	Fire Risk Assessment	Fire Warden	Incident Reporting & Awareness	Risk Management of Lone Working	Risk Assessment	Total
	No of Courses	7	2	3	1	6	2	2	4	27
Directorates	Adults and Health	1	2			9	1	2	6	21
	Children's Services	10		19		22	5	1	3	60
	Community Services, Environment and Culture	24	6	5		7			3	45
	Corporate Services									0
	Finance, Development & Regeneration	2	1		1	4				8
	Maintained Schools	18	1	2		5	2	1	3	32
	No of Delegates	55	10	26	1	47	8	4	15	166

	Bespoke Training	COSHH Awareness	Fire Warden	H&S Awareness	Health and Safety Responsibility	Incident Reporting & Awareness	Lone Worker Training	Totals
	No of Courses	2	9	1	1	1	3	17
Directorates	Adults and Health		35	5				40
	Children's Services						17	17
	Community Services Environment & Culture	6			12	10		28
	Corporate Services					1		1
	Finance Development & Regeneration.		6					6
	Maintained Schools		57					57
	No of Delegates	6	98	5	12	11	17	149

	Institute of Occupational Safety and Health [IOSH] Managing Safely Certificate.	Totals
	No of Courses	2
Directorates	Adults and Health	2
	Children's Services	2
	Community Services Environment & Culture	11
	Corporate Services	0
	Finance Development & Regeneration	0
	Maintained Schools	1
	External Candidates	8
	No of Delegates	24

		My Development Display Screen Equipment Training Course				
		DSE1 - Staying Safe with DSE - An Overview	DSE2 - Staying Safe with DSE - Fixed DSE	DSE3 - Staying Safe with DSE - Fixed Workstations	DSE4 - Staying Safe with DSE - Mobile DSE	Total
No of Courses						4
Directorates	Adults and Health	42	27	20	29	118
	Children's Services	19	7	6	7	39
	Community Services Environment & Culture	20	14	14	18	66
	Corporate Services	8	3	3	6	20
	Finance Development & Regeneration					
	Maintained Schools					
	No of Delegates	89	51	43	60	243

		IHASCO Online Training Courses					
		Display Screen Equipment	Legionella Awareness	Manual Handling	Online Asbestos Refresher	Working at Height	Total
No of Courses							5
Directorates	Adults and Health		5	11	4	1	21
	Children's Services		1	4	2	2	9
	Community Services Environment & Culture		1	26	3	3	33
	Corporate Services						0
	Finance Development & Regeneration						0
	Maintained Schools		9	10	8	7	34
	No of Delegates	0	16	51	17	13	97

Appendix 2

Table 1.

Accidents Reported				
Directorate	Accidents Reported to the Health & Safety Unit		RIDDOR Reported to the H.S.E *	
	This Period	Previous Period	This Period	Previous Period
Adults and Health	5	11	2	1
Children's Services	25	20		
Community Service, Environment & Culture	51	28	11	4
Corporate Services	1			
Finance Development & Regeneration	1	3		
Maintained Schools	52	44	4	1
TOTALS	135	106	17	6

Table 2.

Physical Assaults Reported				
Directorate	Accidents Reported to the Health & Safety Unit		RIDDOR Reported to the H.S.E *	
	This Period	Previous Period	This Period	Previous Period
Adults and Health	4	2	1	1
Children's Services	236	173		
Community Service, Environment & Culture	8	6	1	
Corporate Services				
Finance Development & Regeneration				
Maintained Schools	39	33		
TOTALS	287	214	2	1

Table 3.

Verbal Assaults Reported				
Directorate	Accidents Reported to the Health & Safety Unit		RIDDOR Reported to the H.S.E *	
	This Period	Previous Period	This Period	Previous Period
Adults and Health	1			
Children's Services		1		
Community Service, Environment & Culture	6	1		
Corporate Services				
Finance Development & Regeneration		1		
Maintained Schools				
TOTALS	7	3	0	0

This Period: 1st April 2022 – 31st March 2023 Previous Period: 1st April 2021 – 31st March 2022
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The assault statistics reflect the number of assaults reported to the health and safety unit, via the internal assault reporting procedure.

* RIDDOR.

The requirement to notify to the reporting authority, the Health and Safety Executive occurs where because of a prescribed workplace incident: -

- an employee incurs more than **seven days absence** from work due to harm or injury sustained, or,
- sustains a **specified injury** as defined in the RIDDOR Regulations, Reg 4, (1)(a) to (h)
- a member of the public is taken from the scene of a workplace incident to a hospital **for treatment** in respect of injuries sustained due to the employer's work-related activities **and** the accident arose out of or in connection with a work-related activity, ie :
 1. a failure in the way a work activity was organised,
 2. The way equipment or substances was being used,
 3. The condition of the premises.

Academy Trust data is excluded from this report.

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Agenda Item 7

AGENDA NO.

**REPORT TO
AUDIT &
GOVERNANCE
COMMITTEE**

31 MAY 2023

**REPORT OF AUDIT
AND RISK MANAGER**

INTERNAL AUDIT ANNUAL REPORT

SUMMARY

This is the annual report of the Head of Internal Audit as required by the Public Sector Internal Audit Standards (PSIAS). The report includes the Audit & Risk Manager's annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes. As such it forms an integral part of the formulation of the Council's Annual Governance Statement.

This report encompasses the reporting requirements specified in Standard 2450 of the PSIAS.

RECOMMENDATIONS

It is recommended that:-

1. That the Audit Committee receives the Annual Internal Audit Report for 2022/23 incorporating the Head of Internal Audit's opinion on the Council's control environment (paragraph 1.9) and the performance of the Internal Audit Section.

DETAIL

Background

1. Internal Audit is an independent appraisal function established by the Council to objectively examine, evaluate and report on the adequacy of internal controls. This role ensures that there is proper economic, efficient and effective use of resources. It also ensures that the Council has adequate accounting records and control systems.

Current Position

2. The attached report shows the current position in respect of the progress against the 2022/2023 planned work and the results of the work that has been undertaken.
3. The audit opinion has been prepared based on the completed testing to date. A minimum level of coverage has been set for each planning period and for the 12 months May 2022 to April 2023 the minimum level of coverage was 362 controls, at the end of April 2023 testing had been completed on 365 controls therefore, the minimum level of coverage has been achieved to enable an overall opinion to be given.
4. The projected resources required for the next 12 months shows a positive balance and there are sufficient resources available to complete the current planned work. The service review is currently being finalised and it is anticipated the current vacancy will be filled shortly.

FINANCIAL AND LEGAL IMPLICATIONS

None

RISK ASSESSMENT

The results of the work undertaken by Internal Audit can be used by managers to assess their risk exposure, recommendations are made where there is perceived to be unacceptable risk.

COMMUNITY STRATEGY IMPLICATIONS

None

CONSULTATION

This report has been submitted to the Corporate Governance Group

Name of Contact Officer: Andrew Barber, Audit & Risk Manager

Telephone No: 01642 526176

Email Address: andrew.barber@stockton.gov.uk

Background Papers:

Internal Audit Charter
Counter Fraud Strategy

Ward(s) and Ward Councillors:

None

Property Implications:

None

INTERNAL AUDIT ANNUAL REPORT & OPINION STATEMENTS

2022/23

1.0 EXECUTIVE SUMMARY

Introduction

- 1.1** Under the Accounts and Audit Regulations 2015, the Council is required to “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”. For the purposes of the 2022/23 opinion the standards for proper practices for internal audit are laid down in the CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (PSIAS).
- 1.2** The relevant body must conduct a review, at least once a year, of the effectiveness of its system of internal control. Following the review the Council must approve an Annual Governance Statement prepared in accordance with proper practices. The opinions given in this report provides independent and objective assurance on the overall adequacy and effectiveness of the Council’s system of internal control.
- 1.3** It is management’s responsibility to establish and maintain appropriate risk management processes, internal control systems, accounting records and governance arrangements. Internal Audit plays a vital role in advising management that these arrangements are in place and operating properly.

Quality Assurance and Improvement Programme

- 1.4** The Quality Assurance and Improvement Programme (QAIP) required by the PSIAS has been maintained during the year, see section 3.

Planned Coverage and Output

- 1.5** The work of Internal Audit is agreed on a quarterly basis and approved by members at each meeting. Best practice requires that audit resources should target those areas that represent the greatest risk to the Council, to support this principle more frequent testing is undertaken on the areas that have the greatest impact in terms of managing risk within the council.
- 1.6** The planning process for audit work is much more fluid then in the past making a comparison of planned work against actual less relevant. In order to manage delivery to enable an overall opinion to be presented, minimum levels of coverage have been established which are aligned with the risk assessment. Any planned work not completed in the original period is rolled forward to the next and prioritised ensuring all planned work is completed.

Measure	Target	Performance
Portfolio Coverage (Minimum)	362	365

Recommendations Made

- 1.7 Management continues to respond positively to audit recommendations, with positive action taken to remedy any internal control weaknesses highlighted. Members can also take assurance from the relatively low number of recommendations being made.
- 1.8 The current position regarding recommendations is as follows:

Status	Low	Medium	High	Critical	Total
Active	2	7	5	0	14
Implemented	7	16	5	0	28
Not Implemented	0	2	1	0	3

Overall Assurance

- 1.9 As the Head of Internal Audit, I am required to provide the Council with an opinion on the adequacy and effectiveness of the internal control environment. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes. In assessing the level of assurance to be given, I based my opinion on:

- The findings from all internal audit work and the subsequent ratings;
- Any follow up exercises undertaken;
- The proportion of Stockton on Tees Borough Council’s audit need that has been covered within this period;
- Any limitations which may have been placed on the scope of Internal Audit. (There have been no operational constraints placed upon Internal Audit, apart from agreed budgetary control provisions).

Opinion on the overall adequacy and effectiveness of the Council’s governance, risk and control framework

From the testing undertaken by the Internal Audit Section over the course of the year I am satisfied that sufficient assurance work has been undertaken to allow me to form a reasonable conclusion on the adequacy and effectiveness of the Council’s control environment to support the preparation of the Annual Governance Statement.

It is my opinion that the Council continues to have an appropriate, and overall, an effective system of internal control, upon which it can place reasonable reliance to deliver the Council’s objectives, and detect fraud and other malpractice within a reasonable period of time.

I can confirm there have been no impairments to independence or objectivity of the service.

Where weaknesses have been identified through internal audit work,

we have worked with management to agree appropriate corrective actions and a timescale for introduction.

Statement of conformance with the PSIAS

A self-assessment of compliance with the PSIAS has been undertaken using the checklist included in the CIPFA Local Government Application Note to the PSIAS. The checklist runs to 35 pages and contains over 300 conformance targets. The result of the self-assessment was that the service conforms to the relevant standards.

This has been validated in 2022/2023 by an independent external assessor in-line with the requirements to undertake such a review at least once every 5 years.

The conclusion of the review is that the service conforms with the requirements of the standard.

2 AUDIT RESULTS

2.1 The opinion given is supported by the results of testing completed during the previous 12 months.

2.2 **Summary by Risk** - An analysis of results against each strategic risk is shown below. The majority of controls are rated Green with small numbers shown as either Amber or Red. Further detail of the areas considered to be Red will be provided in the summary by theme.

Summary Risk Information	Summary of Completed Audit Work (Internal Controls)						
Risk	Assurance	Audit Findings (By Impact)					
			VL	L	M	H	VH
Financially sustainable and value for money	94%	R	0	0	0	0	0
		A	1	8	0	1	1
		G	1	37	19	6	3
Strong leadership and governance	89%	R	0	1	3	0	0
		A	0	8	5	0	2
		G	3	39	33	9	4
Dedicated and resourceful employees	95%	R	0	0	0	0	0
		A	0	3	0	0	0
		G	2	14	6	1	0
Education and skills development	97%	R	0	0	0	0	0
		A	0	3	0	0	0
		G	0	8	7	4	1
A growing economy	100%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	0	4	4	1	0
Job creation and increased employment	90%	R	0	0	0	0	0
		A	0	1	0	0	0
		G	0	1	0	1	0
People are supported and protected from harm	89%	R	0	0	4	2	0
		A	0	0	7	0	1
		G	0	13	23	18	14
People live healthy lives	89%	R	0	0	0	1	0
		A	0	1	0	0	0
		G	0	3	2	7	0
Cohesive and safe communities	95%	R	0	0	0	0	0
		A	0	1	1	0	0
		G	1	6	6	2	0

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Great places to live and visit	89%	R	0	2	0	0	0
		A	0	2	4	1	0
		G	1	9	22	1	0
Clean and green spaces	75%	R	0	0	0	0	0
		A	0	1	2	0	0
		G	1	2	1	0	0
Rich cultural experiences	100%	R	0	0	0	0	0
		A	0	0	0	0	0
		G	0	2	4	0	0

2.3 Summary by Theme - To further demonstrate the adequacy of controls the results are also analysed by governance theme. This analysis also supports the overall opinion on the adequacy of the control environment as a whole. Areas where minor concerns have been noted (Red Controls) include; The need to finalise a Public Health Needs Assessment, Completion of information governance training, emergency unsupported children’s placements.

Results of Audit Testing for the period:	May 2022	to	April 2023					
	Very Low	Low	Medium	High	Very High	Controls Tested:		
1. Accuracy of Decision Making	Red	0	0	0	0	0	39	
	Amber	0	2	2	1	1		
	Green	0	9	13	8	3		
2. Monitoring of Decisions	Red	0	0	1	0	0	19	
	Amber	0	0	0	0	0		
	Green	0	6	7	4	1		
3. Information Governance	Red	0	1	1	0	0	28	
	Amber	0	3	0	0	0		
	Green	0	11	5	5	2		
4. Finance	Red	0	0	0	0	0	21	
	Amber	0	0	0	1	0		
	Green	0	3	10	5	2		
5. HR - Payments	Red	0	0	0	0	0	2	
	Amber	0	0	0	0	0		
	Green	0	1	1	0	0		
6. HR - Health & Safety	Red	0	0	0	0	0	4	
	Amber	0	0	0	0	0		
	Green	0	1	2	1	0		
7. HR - Management	Red	0	0	0	0	0	11	
	Amber	0	1	0	0	0		
	Green	1	6	1	0	2		

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8. Recruitment	Red	0	0	0	0	0	0
	Amber	0	0	0	0	0	
	Green	0	0	0	0	0	
9. HR - Training/Qualifications/Clearances	Red	0	0	4	0	0	21
	Amber	0	1	2	0	0	
	Green	0	4	8	2	0	
10. Accuracy of Payments	Red	0	0	0	0	0	9
	Amber	0	0	0	0	0	
	Green	1	5	3	0	0	
11. Income - Charging	Red	0	0	0	0	0	5
	Amber	0	0	0	0	0	
	Green	0	4	0	1	0	
12. Income - Payments	Red	0	0	0	0	0	6
	Amber	0	0	1	0	0	
	Green	0	4	1	0	0	
13. Cash Handling	Red	0	0	0	0	0	0
	Amber	0	0	0	0	0	
	Green	0	0	0	0	0	
14. Procurement/Sourcing	Red	0	0	1	0	0	9
	Amber	0	1	1	0	0	
	Green	0	2	2	0	2	
15. Physical Assets/Locations	Red	0	0	0	1	0	21
	Amber	0	2	0	0	0	
	Green	0	8	8	1	1	
16. Fraud	Red	0	0	0	0	0	2
	Amber	0	0	0	0	0	
	Green	0	2	0	0	0	
17. Business Continuity	Red	0	0	0	0	0	12
	Amber	0	1	0	0	0	
	Green	0	0	6	5	0	
18. Procedures	Red	0	0	0	0	0	16
	Amber	0	1	2	0	0	
	Green	1	8	1	2	1	
19. Performance Management	Red	0	2	0	0	0	26
	Amber	0	1	1	0	2	
	Green	0	5	4	7	4	
20. ICT Infrastructure	Red	0	0	0	0	0	13
	Amber	0	0	0	0	0	
	Green	1	2	6	2	2	
21. Handling of Requests/Incident Response	Red	0	0	0	0	0	5
	Amber	0	0	0	0	0	
	Green	1	0	3	1	0	

2.4 Overall Position – This is the overall summary for all controls, including those tested in prior periods. Controls rated as Amber are controls which are considered overall to be effective, however some improvements could be made. The conclusion therefore is that 97% of controls were considered to be effective at the time of testing. Controls that required some improvement (Amber) represents 13% of this total and controls that were not meeting their objectives (Red) 3% of the total.

	Impact/Risk				
	Very Low	Low	Medium	High	Very High
Red	0	3	7	3	0
Amber	1	27	19	2	4
Green	9	138	127	50	22

2.5 Counter Fraud

The Counter Fraud Strategy was presented to this committee in November 2022. The actions included in the action plan have been implemented.

The National Fraud Initiative (NFI) has been undertaken during the year, the results have been processed through the year. Of the matches processed, no errors or frauds have been identified. This provides additional assurance around processes in place for preventing fraud from occurring.

REPORT THEME	Sum of MATCHES	Sum of PROCESSED
Blue Badges	507	20
Concessionary Travel	511	
Council Tax Reduction Scheme	356	
Creditors	2641	2028
Housing Benefits	29	
Payroll	54	
Procurement	59	
Residents Parking	5	
Grand Total	4162	2048

3 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)

3.1 Internal Audit is defined in the PSIAS as:-

“Internal auditing is an independent, objective and consulting activity designed to add value and improve an organisations 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”.

Adherence to the PSIAS ensures that Internal Audit complies with this definition.

3.2 In addition to the performance information shown below the following is evidence demonstrating Internal Audit’s compliance with the PSIAS:-

- Independence/no interference – There has been no interference during the year that would require the escalation processes to be invoked.
- Access to records – The service has been provided access to all records/personnel required to undertake the work in the plan.
- Director of Corporate Services’ operational responsibility – Appropriate arrangements via an indirect reporting line to the Director of Finance, Development & Regeneration (S151) have been put in place to allow an objective opinion of the other operational services for which the Director of Corporate Services has responsibility.
- Staff skills mix – An appropriate mix of staff has been in place throughout the year as defined in the audit competency framework.
- Staff training – Training has been given to staff as required. Staff have also completed a minimum of 20 hours CPD.
- Code of Conduct for Auditors – All auditors have signed up to an audit code of conduct and there is no evidence that this has not been complied with.

Performance Indicators

3.3 The PSIAS are unequivocal in that a QAIP must include both internal and external assessments: internal assessments are both ongoing and periodical and external assessments at least once every five years.

3.4 An independent external peer review was last undertaken to assess the effectiveness of internal audit and compliance with the new standards in 2022/2023. The review concluded:-

It is our opinion that the self-assessment for the Shared Internal Audit Service for Stockton Borough Council and Darlington Borough Council is accurate and as such we conclude that the Shared Internal Audit Service GENERALLY CONFORMS to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

3.5 The service has seen a number of changes over the recent past to improve its effectiveness. Over the coming year work will be undertaken to strengthen

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these processes further by making effective use of data analytics to further enhance our understanding of risk and increase our opportunities for more targeted sampling of potential problem areas and full dataset sampling.

3.6 The results of the performance measures are shown in the balanced scorecard below.

Quality, Assurance & Improvement Process

Period Covered	May 2022	to	April 2023
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Stewardship (Coverage)		
Measure	Target	Performance
Adequate Resources (Next 12 Months)	60	102
Portfolio Coverage (Period)	362	365
Presentation of Annual Report (Annual)	June	May
Presentation of Activity Report	Qtrly	Qtly

Stakeholders		
Measure	Target	Performance
Reports Issued	Qtrly	Daily
Fraud Strategy Review	31/03/2022	Nov 22
Client Satisfaction	TBC	
Recommendation Implementation	TBC	90%

Process		
Measure	Target	Performance
Self assessment against standards (Annual)	March	March
External Assessment (Every 5 Years)	31/03/2023	December 2022
Staff Meetings Held (Period)	26	42
Up to Date Audit Manual	31/03/2022	Feb 23

People		
Measure	Target	Performance
Productivity (Period)	75%	70%
Training (Per Financial Year)	20	41
Code of Conduct (Annual)	100%	100%
Appraisals (Annual)	100%	100%

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AGENDA ITEM

REPORT TO AUDIT COMMITTEE
31 MAY 2023

REPORT OF DIRECTOR OF
CORPORATE SERVICES

CORPORATE RISK REGISTER UPDATE REPORT AND INTERNAL AUDIT ACTIVITY REPORT

SUMMARY

The Committee is reminded that quarterly reports on the Corporate Risk Register are presented for the purpose of reviewing the key risks that have been identified as having the potential to deflect services from achieving their objectives over the next 12 months and beyond. They also set out the actions being taken to ensure that the risks, and possible adverse outcomes, are minimised.

As a reminder, risks are scored on a scale of one to five for both 'impact' and 'likelihood'.

To inform members of the progress of audit testing to date and present a forward plan of testing and the resources available to meet the plan to support the assessment of risk.

RECOMMENDATIONS

It is recommended that:-

1. The current risk position as identified in the attached update report is noted.
2. The audit activity is noted and the proposed areas of work approved.

DETAIL

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. To support this, audit work is aligned to the strategic risk register and activity is structured around the strategic risks of the organisation.
2. The overall summary shows a summary of audit results against each risk area. The audit assurance is an indicator of how well controls to manage risks are operating, however this is an indicator of internal controls and there may be external factors that remain outside of the council's control which may need to be reflected in a higher risk score.

Risk	Red	Amber	Green	Total	Assurance
A growing economy			9	9	100.00
Clean and green spaces		3	4	7	75.00
Cohesive and safe communities		2	15	17	95.16
Dedicated and resourceful employees		3	23	26	95.45
Education and skills development		2	20	22	96.70
Financially sustainable and value for money		11	67	78	94.11
Great places to live and visit	2	7	32	41	88.24
Job creation and increased employment		1	2	3	90.00
People are supported and protected from harm	6	7	71	84	89.38
People live healthy lives	1	1	12	14	89.44
Rich cultural experiences			6	6	100.00
Strong leadership and governance	4	15	90	109	89.54
Total	13	52	351	416	91.20

- Audit testing results breaks down work undertaken in the previous period to provide members with an update on where audit resources have been employed and the results of that work. This will highlight any concerns raised in the period. Two Red controls have been identified in the period, one relates to child placements, this has previously been reported and whilst management recognise the risk there is a national shortage of suitable placements so whilst the risk is being managed it remains and continues to be shown as Red. The second relates to an out of date Public Rights of Way Improvement Plan, due to a lack of resources it is unlikely this will not be updated in the short-term.

Risk	Red	Amber	Green	Total
A growing economy			1	1
Clean and green spaces		1	2	3
Cohesive and safe communities			2	2
Dedicated and resourceful employees			4	4
Education and skills development			1	1
Financially sustainable and value for money			11	11
Great places to live and visit	1	3	7	11
Job creation and increased employment			1	1
People are supported and protected from harm	1	1	29	31
People live healthy lives		1	2	3
Rich cultural experiences			1	1
Strong leadership and governance		4	21	25
Total	2	10	82	94

4. The next section is a graph against key governance themes, this is for all testing undertaken not just in the period. With all areas showing as 75% or higher there are no issues to bring to members attention.



5. Planned work identifies the areas to be examined in the next period as required by the Public Sector Internal Audit Standards. We are planning work on a quarterly basis rather than the previous annual basis to enable the service to be more responsive to changing risk.

Impact Risk	1 Very Low		2 Low		3 Medium		4 High		5 Very High		Total	
	Number	Time	Number	Time	Number	Time	Number	Time	Number	Time	Number	Time
Clean and green spaces			1	1.00	1	0.50					2	1.50
Cohesive and safe communities			1	0.50	1	1.00					2	1.50
Dedicated and resourceful employees			4	2.25	2	1.00	1	3.00			7	6.25
Education and skills development			4	9.00	1	1.00					5	10.00
Financially sustainable and value for money	1	0.50	1	4.00	2	1.50	1	1.50	1	0.25	5	7.25
Great places to live and visit			8	5.50	3	3.75	1	0.50	2	1.50	15	11.75
People are supported and protected from harm			1	0.50	4	2.75	1	1.00			6	4.25
People live healthy lives			4	3.00	9	11.50	6	9.00	5	5.50	24	29.00
Rich cultural experiences			3	1.50			3	5.00			6	6.50
Strong leadership and governance			1	2.00	1	0.50					2	2.50
Total	1	0.50	33	33.50	12	14.25	3	3.50	3	2.75	23	24.75

6. Quality Assurance and Improvement shows a balanced scorecard for the delivery of the audit service. The majority of indicators will be reported annually but the ones shown provide an update on progress against agreed work to date. The level of adequate resources is calculated after staff time is adjusted to allow for Annual Leave, Bank Holidays and a reasonable amount of Admin Time.

Quality, Assurance & Improvement Process

Period Covered	May 2022	to	April 2023
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Stewardship (Coverage)		
Measure	Target	Performance
Adequate Resources (Next 3 Months)	15	25
Portfolio Coverage (Period)	80	94
Presentation of Annual Report (Annual)	June	*
Presentation of Activity Report	Qtrly	*

Stakeholders		
Measure	Target	Performance
Reports Issued	Qtrly	*
Fraud Strategy Review	31/03/2022	*
Client Satisfaction	TBC	*
Recommendation Implementation	TBC	*

Process		
Measure	Target	Performance
Self assessment against standards (Annual)	March	*
External Assessment (Every 5 Years)	March 2023	*
Staff Meetings Held (Period)	6	5
Up to Date Audit Manual	March 2023	*

People		
Measure	Target	Performance
Productivity (Period)	75%	68%
Training (Per Financial Year)	20	*
Code of Conduct (Annual)	100%	*
Appraisals (Annual)	100%	*

* - To be reported as part of annual report

7. NFI Progress – Reported in the Annual Report at this committee meeting.

FINANCIAL AND LEGAL IMPLICATIONS

None directly

RISK ASSESSMENT

This is a summary of the Council's risk environment.

COMMUNITY STRATEGY IMPLICATIONS

None

CONSULTATION

N/A

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Audit Committee Programme 2023/2024

Diary of Meetings & Work Programme

Date	Work Programme
31st May 2023	Annual Financial Statements - Draft prior to Audit External Audit - Follow Up Letter to the Audit Completion Report 2021/22 Draft Auditor's Annual Report 2021/22 Annual Financial Statements - Approval After Audit Draft Annual Governance Statement External Audit - Audit Strategy Memorandum 2022/23 External Audit - Auditor's Annual Report 2021/22 Constitutional Update Health and Safety report Risk Register Update and Audit Activity Internal Audit Annual Report Work Programme 2022-2023
31st July 2023	Health and Safety report External Audit - Audit Progress Report Risk Register Update and Audit Activity Work Programme 2022-2023
25th September 2023	Annual Governance Statement approval Treasury Management Annual Report External Audit - Audit Progress Report Risk Register Update and Audit Activity Work Programme 2022-2023
27th November 2023	External Audit - Audit Completion Report 2022/23 Annual Financial Statements - Approval after Audit Treasury Management Mid Term Review Annual Report of the Audit Committee (For Discussion) Health and Safety report Risk Register Update and Audit Activity Work Programme 2022-2023
26th February 2024	Annual Report of the Audit Committee (Final) Health and Safety report Constitutional Update if required External Audit - Auditor's Annual Report 2022/23 Risk Register Update and Audit Activity Internal Audit Charter Work Programme 2022-2023

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