

Audit Committee

25 February 2021

**Internal Audit Progress Report Period
Ended 31 December 2020**



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

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To inform Members of the work that has been carried out by Internal Audit during the period 1 April 2020 to 31 December 2020 as part of the 2020/21 Internal Audit Plan.

Executive Summary

- 2 The report provides Members with the progress that has been made in achieving the Internal Audit Plan for 2020/21 for the period up to 31 December 2020 and aims to:
 - (a) Provide a high level of assurance, or otherwise, on internal controls operating across the Council that have been subject to an Internal Audit of systems and processes;
 - (b) Advise of issues where controls need to be improved in order to effectively manage risks;
 - (c) Advise of other types of audit work carried out such as grant certification or consultancy reviews where an assurance opinion on the control environment may not be applicable;
 - (d) Advise of amendments to the Internal Audit Plan;
 - (e) Track the progress of responses to Internal Audit reports and the implementation of agreed audit recommendations;
 - (f) Advise of any changes to the audit process;
 - (g) Provide an update on the performance indicators comparing actual performance against planned

- 3 The appendices attached to this report are summarised below. Those marked with an asterisk are not for publication (Exempt information under Part 3 of Schedule 12a to the Local Government Act 1972, paragraph 3).
- (a) Appendix 2 – Progress against the Internal Audit Plan;
 - (b) Appendix 3 – Final reports issued in the quarter ended 31 December 2020;
 - (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;

Recommendations

- 4 Members are asked to note:
- (a) The amendments made to the annual Internal Audit Plan;
 - (b) The work undertaken by Internal Audit during the period ending 31 December 2020;
 - (c) The performance of the Internal Audit Service during the period;
 - (d) The progress made by service managers in responding to the work of Internal Audit.

Background

- 5 As an independent consultancy service, the Council's Internal Audit Team strives to continue to add value and improve the organisation's operations as well as providing objective assurance to service managers and the Council.
- 6 The Internal Audit Plan for 2020/21, covering the period 1 April 2020 to 31 March 2021, was approved by the Audit Committee, as two separate six-month plans, on 29 June 2020 and 26 November 2020.

Progress against the Internal Audit Plan

- 7 A summary of the approved Internal Audit Plan for each Service Grouping, updated to include work in progress and any audits brought forward from last year's plan, is attached at Appendix 2. The appendix illustrates the status of each audit as at 31 December 2020 and, where applicable, also gives the resultant assurance opinion.
- 8 A summary of the status of audits is illustrated in the table below:

Service Grouping	Not Started	Planning and Preparation	In Progress	Draft Report	Final Report / Complete
Adult and Health Services (AHS)	5	2	5	0	3
Children and Young People's Services (CYPS) *Excluding Schools	3	6	7	1	7
Neighbourhoods and Climate Change (NCC)	6	3	3	1	9
Regeneration, Economy and Growth (REG)	11	1	2	1	8
Resources (RES)	27	0	26	3	31
Schools	1	0	0	0	8
TOTAL	53	12	43	6	66

- 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 2020/21 is 3,456. As at 31 December 2020, the service had delivered 2,588 productive days, representing 75% of the total plan. The target at the end of the quarter was for 67.5% to be delivered, therefore performance has exceeded the target.

- 11 Whilst the overall performance of the service in relation to productive days delivered is considered to be strong, remote working has provided challenges in delivering reviews within the timescales originally planned. When considered along with additional testing of core financial systems data and additional assurance work directly related to COVID related payments, this has had a cumulative effect in reducing the overall number of individual audits delivered than would normally be expected, which has necessitated a prioritisation of coverage.
- 12 Using the percentage of audit reviews delivered as an additional indicator of performance would equate to a confirmed delivery of 40% of the annual audit plan as at 31 December 2020, though this rises to 64% when work in progress which is expected to be completed by year-end is taken into account. This scope of coverage will be sufficient to be able to issue an opinion and a separate report on the Agenda addresses this issue.

Internal Audit activity in the quarter

Amendments to the Approved Internal Audit Plan

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

Service Grouping	Audit	Audit Type	Reason
Neighbourhoods and Climate Change	Atlantic Geoparks (Claim 2)	Grant	Certification not required.
Neighbourhoods and Climate Change	LoCarbo (Claim 2)	Grant	Certification not required.
Resources	Council Tax – Billing and Refunds	Key System	Service request to defer the review and include in the scope of the Council Tax – Liability review planned for 2021/22.

- 14 Four unplanned reviews were added to the Internal Audit Plan in the quarter.

Service Grouping	Audit	Audit Type	Reason
Resources	School Holidays Meal Voucher Scheme	Assurance	Service request to add review of a new payments process.
Resources	Covid Winter Fund	Advice and Consultancy	Service request to add review for arrangements around CYPS support for families in need.
Resources	Covid Winter Fund – Verification Process (February 2021 Return)	Assurance	Service request to add review of the arrangements put in place.

Service Grouping	Audit	Audit Type	Reason
Resources	Covid Winter Fund – Verification Process (April 2021 Return)	Assurance	Service request to add review of the arrangements put in place.

Outstanding Management Responses to Draft Internal Audit Reports

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

Survey Response Rate

- 16 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 December 2020.

Service Grouping	Surveys issued	Surveys returned	% returned	Av. score
Adult and Health Services (AHS)	2	2	100	4.8
Children and Young People's Services (CYPS) *Excluding Schools	3	2	67	5.0
Neighbourhoods and Climate Change (NCC)	3	3	100	4.5
Regeneration, Economy and Growth (REG)	3	3	100	4.5
Resources (RES)	28	27	93	4.8
Schools	8	3	38	4.1
TOTAL	47	40	85	4.7

Responses to Internal Audit Findings and Recommendations

- 17 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.
- 18 A summary of progress on the actions due, implemented and overdue, as at 31 December 2020, is given in the table overpage.

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)	70	70	0 (0%)	0	0
Children and Young People's Services (CYPS) [Excluding Schools]	200	190	10 (5%)	10	0
Neighbourhoods and Climate Change (NCC)	41	35	6 (15%)	6	0
Regeneration, Economy and Growth (REG)	111	105	6 (5%)	6	0
Resources (RES)	403	371	32 (8%)	32	0
TOTAL	825	771*	54 (7%)	54	0

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

- 19 It is encouraging to note that, of the 825 actions due to be implemented, 771 (93%) have been implemented.
- 20 Details of the actions that are overdue, following their agreed original target dates, are included at Appendix 6.

Limited Assurance Audit Opinions

- 21 There have been no audits, finalised in this quarter, which have been issued with a 'limited assurance' opinion.

Performance Indicators

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

Background papers

- Specific Internal Audit reports issued and working papers.

Other useful documents

- Previous Committee reports.

Contact:	Stephen Carter	Tel: 03000 269665
	Paul Monaghan	Tel: 03000 269662

Appendix 1: Implications

Legal Implications

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

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

Finance

There are no direct financial implications associated with this report.

Internal Audit work has clear and direct effects, through recommendations made, to assist in improving value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

Consultation

All Corporate Directors and Heads of Service.

Equality and Diversity / Public Sector Equality Duty

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 DECEMBER 2020

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

INTERNAL AUDIT PLAN PROGRESS AS AT 31 DECEMBER 2020

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
2020/21 plan					
Adult and Health Services	Adult Care	Direct Payments	Assurance	Preparation and Planning	
Adult and Health Services	Adult Care	AzeusCare Implementation - Project Board	Advice & Consultancy	In Progress	
Adult and Health Services	Commissioning	Post Contract Arrangements (Deferred from 2019/20)	Assurance	Not yet started	
Adult and Health Services	Commissioning	Integration of Health and Care in County Durham	Advice & Consultancy	In Progress	
Adult and Health Services	Public Health	Pharmoutcomes - Data Matching	Advice & Consultancy	In Progress	
Adult and Health Services	Public Health	COVID-19 Test and Trace Service Support Grant	Grant Claim	Not yet started	
Adult and Health Services	Public Health	Staff Flu Programme Project Planning Group	Advice & Consultancy	Complete	
Adult and Health Services	Commissioning	Workforce Development Fund	Grant Claim	In Progress	
Adult and Health Services	Adult Care	AzeusCare Implementation - Task Groups	Advice & Consultancy	Preparation and Planning	
Adult and Health Services	Adult Care	Caldicott Compliance	Assurance	Not yet started	
Adult and Health Services	Commissioning	Alliance Contracting Steering Group	Advice & Consultancy	In Progress	
Adult and Health Services	Commissioning	Personalisation – Alternative Commissioning Arrangements (Deferred from 2019/20)	Assurance	Not yet started	
Adult and Health Services	Commissioning	Commissioning of Residential Care	Advice & Consultancy	Not yet started	
Children and Young People's Services	Children's Social Care	Adoption Payments	Assurance	Preparation and Planning	
Children and Young People's Services	Children's Social Care	Special Guardianship and Child Arrangement Orders (Deferred from 2019/20)	Assurance	Draft Report	
Children and Young People's Services	Children's Social Care	Placement Resource Panel (PRP) Arrangements	Advice & Consultancy	Final	N/A
Children and Young People's Services	Children's Social Care	Liquidlogic - Board Meetings	Advice & Consultancy	In Progress	
Children and Young People's Services	Children's Social Care	Liquidlogic Developments	Advice & Consultancy	In Progress	
Children and Young People's Services	Commissioning	Home to School Transport Review	Advice & Consultancy	Preparation and Planning	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Programme: Claim 01 - June 2020	Grant Certification	Complete	N/A
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Programme: Claim 02 - September 2020	Grant Certification	Complete	N/A
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Troubled Families Data Cleansing and Claim Return Administration Process	Advice & Consultancy	In Progress	
Children and Young People's Services	Education and Skills	Academy Transfer Arrangements	Assurance	Preparation and Planning	
Children and Young People's Services	Operational Support	Caldicott Group	Advice & Consultancy	In Progress	
Children and Young People's Services	Education - Schools	School Programme (governance and financial management)	Assurance	4 Substantial 3 Moderate 1 Limited 0 N/A	
Children and Young People's Services	Education - Schools	School Follow Up of previous Limited Assurance Opinion Reports			
Children and Young People's Services	Education - Schools	Audit of School Voluntary Funds	Fund Certification	35 Complete	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	Aycliffe Secure Services - Physical Security	Assurance	Final	Substantial
Children and Young People's Services	Education - Schools	Troubled Families Programme: Claim 03 - November 2020	Grant Certification	Complete	N/A
Children and Young People's Services	Education - Schools	Troubled Families Programme: Claim 04 - February 2021	Grant Certification	Not yet started	
Children and Young People's Services	Early Help, Inclusion and Vulnerable Children	High Needs Budget	Follow Up	Preparation and Planning	
Children and Young People's Services	Education and Skills	SFVS	Assurance	In Progress	
Children and Young People's Services	Education and Skills	School Attendance Enforcement (Deferred from 2019/20)	Assurance	Preparation and Planning	
Children and Young People's Services	Education and Skills	Governor Training	Advice & Consultancy	Preparation and Planning	
Children and Young People's Services	Education and Skills	Developing Financial Management Standards in Durham Schools	Advice & Consultancy	Not yet started	
Children and Young People's Services	Operational Support	Caldicott Compliance	Assurance	Not yet started	
Neighbourhoods and Climate Change	Community Protection Services	Fees and Charges	Assurance	Not yet started	
Neighbourhoods and Climate Change	Community Protection Services	Civil Penalties	Assurance	Not yet started	

INTERNAL AUDIT PLAN PROGRESS AS AT 31 DECEMBER 2020

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Neighbourhoods and Climate Change	Environment	Utility Bills - Contract Management (<i>Deferred from 2019/20</i>)	Assurance	Not yet started	
Neighbourhoods and Climate Change	Environment	Rebus (Claim 1)	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	AONB Partnership - Atlantic Geoparks (Claim 1)	Grant	In Progress	
Neighbourhoods and Climate Change	Environment	Carbon Connects (Claim 1)	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	SME Power (Claim 1)	Grant	Final	N/A
Neighbourhoods and Climate Change	Environment	Trade Waste	Assurance	Defer to 2021/22	
Neighbourhoods and Climate Change	Environment	Pest Control	Assurance	Defer to 2021/22	
Neighbourhoods and Climate Change	Technical Services	Local Transport Capital Block funding for NECA	Grant	Final	N/A
Neighbourhoods and Climate Change	Technical Services	Plant Returns	Assurance	In Progress	
Neighbourhoods and Climate Change	Partnerships and Community Engagement	Community Grants Sample (COVID-19 Area Budgets)	Assurance	In Progress	
Neighbourhoods and Climate Change	Environment	Durham Heritage Coast	Advice and Consultancy	Draft Report	
Neighbourhoods and Climate Change	Environment	Fuel Stocks and Stores	Follow Up	Not yet started	
Neighbourhoods and Climate Change	Technical Services	Charging Arrangements	Advice and Consultancy	Not yet started	
Neighbourhoods and Climate Change	Environment	LoCarbo (Claim 1)	Grant	Preparation and Planning	
Neighbourhoods and Climate Change	Environment	LoCarbo (Claim 2)	Grant	Cancelled	
Neighbourhoods and Climate Change	Environment	Rebus (Claim 2)	Grant	Preparation and Planning	
Neighbourhoods and Climate Change	Environment	AONB Partnership - Atlantic Geoparks (Claim 2)	Grant	Cancelled	
Neighbourhoods and Climate Change	Environment	Carbon Connects (Claim 2)	Grant	Preparation and Planning	
Neighbourhoods and Climate Change	Environment	InnovateUK	Grant	Not yet started	
Regeneration, Economy and Growth	Corporate Property and Land	Asset Valuation - Pre Valuation Data Quality Checks	Assurance	Final	Substantial
Regeneration, Economy and Growth	Development & Housing	Section 106	Assurance	Not yet started	
Regeneration, Economy and Growth	Development & Housing	Bishop Auckland Heritage Action Zone	Grant	Final	N/A
Regeneration, Economy and Growth	Development & Housing	Disabled Facilities Grant	Grant	Final	N/A
Regeneration, Economy and Growth	Business Durham	County Durham Growth Fund	Assurance	Not yet started	
Regeneration, Economy and Growth	Business Durham	Local Growth Fund - Durham City Incubator (Salvus House)	Grant	Final	N/A
Regeneration, Economy and Growth	Business Durham	Stephanie (Claim 1)	Grant	Not yet started	
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	On Street and Off Street Parking	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	CLUK Income Share Agreement	Assurance	Draft Report	
Regeneration, Economy and Growth	Development & Housing	Property Re-Purpose Loans	Advice and Consultancy	Final	N/A
Regeneration, Economy and Growth	Culture, Sport and Tourism	Leisure Centre Timesheets (Follow Up)	Follow Up	Not yet started	
Regeneration, Economy and Growth	Corporate Property and Land	Asset Valuation - Valuation Calculations	Assurance	In Progress	
Regeneration, Economy and Growth	Corporate Property and Land	Milburngate Development Governance	Assurance	Not yet started	
Regeneration, Economy and Growth	Business Durham	Business Recovery Grants	Advice and Consultancy	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Compliance with Leisure Centre procedures on holidays and TOIL (<i>Deferred 2019/20</i>)	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Stanley Bowls	Advice and Consultancy	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	One Life Contract	Assurance	Not yet started	
Regeneration, Economy and Growth	Culture, Sport and Tourism	Theatre Asset / Inventory Review	Advice and Consultancy	Not yet started	
Resources	Legal & Democratic Services	Fee Recovery	Advice and Consultancy	In Progress	
Resources	Corporate Finance and Commercial Services	MTFP Arrangements	Assurance	Defer to 2021/22	
Resources	Corporate Finance and Commercial Services	Journal Transfers	Key System	Final	Substantial
Resources	Corporate Finance and Commercial Services	Bank Reconciliation	Key System	Final	Substantial
Resources	Corporate Finance and Commercial Services	Short Term Investments	Key System	Final	Substantial
Resources	Corporate Finance and Commercial Services	Finance Durham	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Leases	Assurance	Defer to 2021/22	
Resources	Finance and Transactional Services	Section 256 Agreements	Grant	Not yet started	
Resources	Finance and Transactional Services	Revenues and Benefits Reconciliations	Assurance	Final	Substantial

INTERNAL AUDIT PLAN PROGRESS AS AT 31 DECEMBER 2020

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Resources	Finance and Transactional Services	Enforcement Programme Board	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Better Care Fund and Improved BCF	Grant	Not yet started	
Resources	Finance and Transactional Services	Creditors - Supplier Masterfile (<i>Deferred from 2019/20</i>)	Key System	Final	Substantial
Resources	Finance and Transactional Services	Creditors - Processing of Payments through Azeus	Assurance	Not yet started	
Resources	Finance and Transactional Services	Procurement Cards - Projects	Assurance	In Progress	
Resources	Finance and Transactional Services	Payroll - Recruitment and Selection: Identification Verification	Key System	Not yet started	
Resources	Finance and Transactional Services	Welfare Rights	Follow Up	Not yet started	
Resources	Finance and Transactional Services	Cash Management	Key System	Not yet started	
Resources	Digital and Customer Services	IT Asset Management	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	Backup Procedures	Assurance	In Progress	
Resources	Digital and Customer Services	Software Licences	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	Digital Durham	Grant	Final	N/A
Resources	Strategy	Police and Crime Panel	Grant	Final	N/A
Resources	Transformation	Local Transport Revenue Block Funding (Blue Badge New Criteria Implementation)	Grant	Final	N/A
Resources	Corporate Finance and Commercial Services	COVID-19 Procurement Analysis	Assurance	Not yet started	
Resources	Finance and Transactional Services	COVID-19 Expenditure Analysis	Assurance	Final	Substantial
Resources	Finance and Transactional Services	COVID-19 Small Business Rates Relief	Assurance	In Progress	
Resources	Finance and Transactional Services	COVID-19 Business Rates 5% Discretionary Scheme	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	COVID-19 Retail, Hospitality and Leisure Grant Fund	Assurance	In Progress	
Resources	Finance and Transactional Services	COVID-19 Council Tax Reduction Hardship Scheme	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Developing School Financial Arrangements	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	Accessibility Working Group	Advice and Consultancy	In Progress	
Resources	Legal & Democratic Services	Company Governance Group	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	COVID-19 Test and Trace Support Payment Scheme	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	COVID-19 Test and Trace Support Payment Scheme	Assurance	Not yet started	
Resources	Corporate Finance and Commercial Services	Income Guarantee Return	Advice and Consultancy	Draft Report	
Resources	Legal & Democratic Services	RIPA Officers group	Advice and Consultancy	In Progress	
Resources	Corporate Finance and Commercial Services	Potentially Violent Persons Register	Assurance	In Progress	
Resources	Finance and Transactional Services	Service Level Agreement Board (SLAB)	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Review of SLA Charging Arrangements	Advice and Consultancy	Not yet started	
Resources	Finance and Transactional Services	Creditors - Overarching Report	Key System	In Progress	
Resources	Finance and Transactional Services	Integrated Payments Project Team	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Petty Cash and Payment Card Workstream	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Payroll - Overarching Report	Key System	Not yet started	
Resources	Finance and Transactional Services	ResourceLink Programme Board	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Payroll - Preparation and Corrections (<i>Deferred from 2019/20</i>)	Key System	Not yet started	
Resources	Finance and Transactional Services	Business Rates - Overarching Report	Key System	Not yet started	
Resources	Finance and Transactional Services	Business rates - Liability	Key System	Not yet started	
Resources	Finance and Transactional Services	Housing Benefit and Council Tax Reduction - Overarching Report	Key System	Not yet started	
Resources	Finance and Transactional Services	Housing Benefit and Council Tax Reduction - New Claims and Change in	Key System	Not yet started	
Resources	Finance and Transactional Services	Enforcement Programme Workstreams	Advice and Consultancy	Not yet started	
Resources	Finance and Transactional Services	Council Tax - Overarching Report	Key System	Not yet started	
Resources	Finance and Transactional Services	Council Tax - Billing and Refunds	Key System	Defer to 2021/22	
Resources	Finance and Transactional Services	Debtors - Overarching Report	Key System	Not yet started	
Resources	Finance and Transactional Services	Miscellaneous Income Working Group	Advice and Consultancy	In Progress	
Resources	Digital and Customer Services	Business Continuity for ICT	Advice and Consultancy	Not yet started	
Resources	Digital and Customer Services	Digital Programme Project Management Framework	Advice and Consultancy	Not yet started	
Resources	Transformation	Information Governance Group	Advice and Consultancy	In Progress	

INTERNAL AUDIT PLAN PROGRESS AS AT 31 DECEMBER 2020

SERVICE GROUPING	SERVICE	AUDIT ACTIVITY	AUDIT TYPE	STATUS	OPINION
Resources	Finance and Transactional Services	School Holidays Meal Voucher Scheme	Assurance	In Progress	
Resources	Finance and Transactional Services	Covid Winter Fund - CYPS support for families in need	Advice and Consultancy	In Progress	
Resources	Finance and Transactional Services	Covid Winter Fund - Verification Process (February 2021 Return)	Assurance	Not yet started	
Resources	Finance and Transactional Services	Covid Winter Fund - Verification Process (April 2021 Return)	Assurance	Not yet started	

FINAL REPORTS ISSUED IN PERIOD ENDING 31 DECEMBER 2020

AUDIT AREA	BRIEF DESCRIPTION OF SCOPE OF THE AUDIT	FINAL OPINION
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)		
Aycliffe Secure Services Physical Security	Assurance review of the arrangements in place to mitigate against the risk of unauthorised access to the secure area and/or unauthorised items being taken into buildings and secure areas.	Substantial
Placement and Resource Panel	Advice and consultancy review of the governance arrangements in place.	N/A
Troubled Families Programme	Verification of grant claim for the period September 2020 to November 2020.	N/A
REGENERATION, ECONOMY AND GROWTH (REG)		
Bus Subsidy Ring Fenced Grant	Grant Certification	N/A
Local Growth Fund – Durham City Incubator (Salvus House)	Grant Certification	N/A
RESOURCES (Res)		
Creditors – Overarching Report	Overarching assurance review combining the outcomes from individual Creditors reviews carried out through the year.	Substantial
Creditors – Holds Cleared but invoices not Paid (Extended Testing)	Assurance review of the arrangements in place to mitigate against the risk of invoices not being paid when the hold has been cleared.	Substantial
Creditors – Unpaid invoices more than 30 days old (Extended Testing)	Assurance review of the arrangements in place to mitigate against the risk invoices more than 30 days old not being paid.	Substantial
Payroll – Access to Data	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Business critical data is lost, or cannot be restored, in the event of a disaster; - Users have access to data which they do not require; - Information governance arrangements are inadequate. 	Substantial

RESOURCES (Res) Contd.		
Covid-19 Expenditure Analysis	Assurance review of the arrangements in place to mitigate against the risk of inappropriate or unauthorised expenditure being recorded as Covid-19 related.	Substantial
Scheme of Delegation	Assurance review of the arrangements in place to mitigate against the risk of decisions being made which are not lawful or do not comply with the Council's Constitution, Financial and Contract Procedures Rules or any other relevant Procedures and Policies:	Substantial
Short Term Investments	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - The Treasury Management function does not comply with internal policies, professional guidance, statute and regulations; - Inappropriate investments are made or investments made are not repaid; - Investment opportunities are not taken or DCC is unable to meet its obligations due to poor planning; - Poor decisions are made due to a lack of appropriate technical skills in the analysis of money markets; - Treasury Management targets, e.g. for budgeted investment income, are not achieved. 	Substantial
Debtors – Overarching Report	Overarching assurance review combining the outcomes from individual Debtors reviews carried out through the year.	Moderate
Debtors – Credit Notes (Extended Testing)	Assurance review of the arrangements in place to mitigate against the risk credit notes being used in an inappropriate way.	Moderate
Debtors – Write Offs (Extended Testing)	Assurance review of the arrangements in place to mitigate against the risk of write off being used in an inappropriate way.	Moderate
Debtors – VAT Analysis (Extended Testing)	Assurance review of the arrangements in place to mitigate against the risk of VAT being incorrectly recorded.	Moderate
Cash Management – Overarching Report	Overarching assurance review combining the outcomes from individual Cash Management reviews carried out through the year.	Moderate
Budgetary Control and Financial Reporting	Assurance review of the arrangements in place to mitigate against the risks of: <ul style="list-style-type: none"> - Budgets are not effectively managed by the budget holder; - Budgets are significantly under/over-spent and variances are not reported or acted upon, including those at the year-end; - The accounting system does not have the appropriate functionality to enable effective monitoring of the budget. 	Moderate

RESOURCES (Res) Contd.		
Contract Management	<p>Assurance review of the arrangements in place to mitigate against the risks of:</p> <ul style="list-style-type: none"> - The contractor does not fulfil the contract to the required standard or level of performance; - The Council pays for goods, services or works that are not provided or not completed; - Risk management arrangements are not in place; - The contract manager is not sufficiently objective in their relationship with the supplier; - Arrangements to provide for continuing services needs after the termination or expiry of the contract are not in place; - Contract management arrangements are not in place for the end of a contract and the transition to a new provider with a new contract; - The contract has been varied inappropriately and without regard to the Council's Contract Procedure Rules and / or the Public Contract Regulations 2015. 	Moderate
Agency System	<p>Assurance review of the arrangements in place to mitigate against the risks of:</p> <ul style="list-style-type: none"> - Services are not delivered as there is insufficient staff resources, staff resource cannot be sourced in an appropriate time frame or staff do not have the appropriate skills, knowledge or experience; - Payments for agency workers are inaccurate or not timely; - Additional expenditure is incurred through agency workers being employed when not required, retained for longer than required, or for periods over which alternative arrangements are more economical; - Expenditure on agency workers is not effectively managed as the system does not provide appropriate information; - Agency workers engaged are not eligible to work in UK. 	Moderate

	Actions Due	Actions Implemented	Overdue Actions by original target date	Number of Actions where the original target has been revised	Overdue Actions following a revised target date
ADULT AND HEALTH SERVICES (AHS)					
2017/18					
High	10	10	0	0	0
Medium	19	19	0	0	0
Total	29	29	0	0	0
2018/19					
High	0	0	0	0	0
Medium	36	36	0	0	0
Total	36	36	0	0	0
2019/20					
High	0	0	0	0	0
Medium	4	4	0	0	0
Total	4	4	0	0	0
2020/21					
High	0	0	0	0	0
Medium	1	1	0	0	0
Total	1	1	0	0	0
Overall Total	70	70	0	0	0
CHILDREN AND YOUNG PEOPLE'S SERVICES (CYPS)					
2017/18					
High	2	2	0	0	0
Medium	63	61	2	2	0
Total	65	63	2	2	0
2018/19					
High	1	1	0	0	0
Medium	72	72	0	0	0
Total	73	73	0	0	0
2019/20					
High	0	0	0	0	0
Medium	58	50	8	8	0
Total	58	50	8	8	0
2020/21					
High	0	0	0	0	0
Medium	4	4	0	0	0
Total	4	4	0	0	0
Overall Total	200	190	10	10	0
NEIGHBOURHOODS AND CLIMATE CHANGE (NCC)					
2018/19					
High	0	0	0	0	0
Medium	17	17	0	0	0
Total	17	17	0	0	0
2019/20					
High	0	0	0	0	0
Medium	11	10	1	1	0
Total	11	10	1	1	0
2020/21					
High	1	0	1	1	0
Medium	12	8	4	4	0
Total	13	8	5	5	0
Overall Total	41	35	6	6	0
REGENERATION, ECONOMY AND GROWTH (REG)					
2017/18					
High	0	0	0	0	0
Medium	35	33	2	2	0
Total	35	33	2	2	0
2018/19					
High	0	0	0	0	0
Medium	33	31	2	2	0
Total	33	31	2	2	0
2019/20					
High	2	2	0	0	0
Medium	37	35	2	2	0
Total	39	37	2	2	0
2020/21					
High	1	1	0	0	0
Medium	3	3	0	0	0
Total	4	4	0	0	0
Overall Total	111	105	6	6	0
RESOURCES (RES)					
2017/18					
High	9	9	0	0	0
Medium	146	145	1	1	0
Total	155	154	1	1	0
2018/19					
High	3	3	0	0	0
Medium	106	101	5	5	0
Total	109	104	5	5	0
2019/20					
High	0	0	0	0	0
Medium	107	93	14	14	0
Total	107	93	14	14	0
2020/21					
High	0	0	0	0	0
Medium	32	20	12	12	0
Total	32	20	12	12	0
Overall Total	403	371	32	32	0
TOTAL COUNCIL					
2017/18					
High	21	21	0	0	0
Medium	263	258	5	5	0
Total	284	279	5	5	0
2018/19					
High	4	4	0	0	0
Medium	264	257	7	7	0
Total	268	261	7	7	0
2019/20					
High	2	2	0	0	0
Medium	217	192	25	25	0
Total	219	194	25	25	0
2020/21					
High	2	1	1	1	0
Medium	52	36	16	16	0
Total	54	37	17	17	0
OVERALL TOTAL	825	771	54	54	0

Performance Indicators as at 31 December 2020

Efficiency			
Objective: To provide maximum assurance to inform the annual audit opinion			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	Actual
Planned audits completed	% of planned assurance work from original approved plan complete to draft report stage	90% (Annually)	75% at 31 December 2020
Timeliness of Draft Reports	% of draft reports issued within 30 calendar days of end of fieldwork/closure interview	90% (Quarterly)	100% (46 out of 46)
Timeliness of Final Reports	% of final reports issued within 14 calendar days of receipt of management response	95% (Quarterly)	100% (50 out of 50)
Quarterly Progress Reports	Quarterly progress reports issued to Corporate Directors within one month of end of period	100% (Quarterly)	100%
Quality			
Objective: To ensure that the service is effective and adding value			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Recommendations agreed	% of recommendations made compared with recommendations accepted	95% (Annually)	100%
Post Audit Customer Satisfaction Survey Feedback	% of customers scoring audit service satisfactory or above (3 out of 5) where 1 is poor and 5 is very good	100% (Quarterly)	100% - Av score of 4.7
Customers providing feedback Response	% of customers returning satisfaction returns	70% (Quarterly)	85%
Cost			
Objective: To ensure that the service is cost effective			
KPI	Measure of Assessment	Target & (Frequency of Measurement)	
Cost per chargeable audit day	CIPFA Benchmarking Club – Comparator Group (Unitary)	Lower than average (Annually)	Yes (2015/16 exercise) £226 cost per chargeable audit day