

Appendix 2 Interim Governance Report - Action Plan

No.	2010/11 Finding	2011/12 Finding	Accountable Officer - Responsibility Head of Service	Priority	Auditor comments	Response	Actions	Complete by:	Evidence		
1		Recommendation 1: General Ledger – Journal documentation (Ex.6) Supporting documentation should accompany all journals. This will allow the 'inputter' to view the documentation to ensure its accuracy before posting. No supporting documentation accompanies journals when sent to the Ledger Management Team for input. Instead departments keep all documentation. It is therefore not clear how the Ledger Management Team know the amounts in the journal are accurate.	Jeff Garfoot / Paul Darby	Strategic Finance - ALL / Service Finance - ALL	High	The risk is journals being input with no understanding of what the journal is for and that inaccurate journals are input into the General Ledger	Journals are prepared and reviewed by service accountants who retain the appropriate documentation. The Ledger Management team's role is to process journals and to ensure that the journal has been correctly entered into the system. Accuracy checks on the journal entries are carried out in services.	Supporting documentation is attached to all journal entries completed after 31 December 2012	31 December 2012		
2	*	7	Recommendation 2: General Ledger: Journal authorisation (Ex.7) The Council should introduce the review and authorisation of journals before posting to the General Ledger. A journal chosen during the walkthrough had no evidence of authorisation prior to input into the GL. There is no requirement for journal entries to be reviewed and authorised by a senior officer prior to upload.	Jeff Garfoot	Strategic Finance - Hilary Appleton	High	Without authorisation there is a risk that errors may not be identified prior to the Journal being input and that inappropriate journals could be posted to the GL	The review and authorisation of journals was discussed at the last audit. The volume of journals processed by Finance will require consideration of the process of review and authorisation to ensure that it is done efficiently. As appropriate, Strategic Finance will issue instruction to all service accounting teams to review and approve journals prior to entering into the General Ledger. This recommendation was the subject of an internal audit review to establish best practice.	Propose a method of journal approval Discuss with Financial Strategy and Planning Group Agree with External Audit Implement a process of Journal Approvals	31 December 2012	
3	*	13	Recommendation 3: General Ledger: Dataset reconciliations (Ex.8) The Council should complete regular reconciliations of dataset upload files. ICON cash receipting, Durham City Homes rents and payroll datasets are uploaded into the General Ledger. However, it is possible to amend the datasets. As a result there is a risk of amendment to the datasets before posting to the General Ledger. Officers have introduced Payroll and cash receipting upload file reconciliations. However, there is no reconciliation of the Durham rents upload file to the General Ledger. This also affects GL AIM uploads because of the .dat format, resulting in the possibility of amendment of files before upload into General Ledger.	Jeff Garfoot / Paul Darby	Strategic Finance - Ledger Management Team/Service Finance - ALL	Medium	The risk is amendment of datasets resulting in the upload of errors to the General Ledger	Partially a Ledger Management issue. There are amendments made to files to allow processing. This is to change headers, footers or periods to ensure that files are 'unique', particularly that they have unique 'headers' so that they can be successfully uploaded into Oracle. The originating service can produce more than one file of data per day with the same header which it is not possible to upload into Oracle. It is agreed that upload files could be locked to prevent amendment. However, introducing the appropriate system would be costly and unlikely to be a priority. Confirmation from ICT Services that it is possible to lock the file(s) would need to be sought. As all amendments are processed via the correction facility in Oracle, there is no reason, subject to IT being able to arrange this, that files may not be locked.	Investigate the possibility of locking files that are to be uploaded into Oracle. Request ICT arrange the locking of files, if possible to do this.	31 December 2012	
4	*	10	Recommendation 4: General Ledger: Opening Balances (Ex. 9) The Council should document a review of the opening balances to confirm the General Ledger has brought the correct balances forward. The Oracle General Ledger automatically carries forward Opening balances. Officers are unaware of any procedures to check opening balances carried forward are correct.	Jeff Garfoot	Strategic Finance/Financial Systems Support	Medium	The risk is the Oracle GL does not carry forward the opening balances accurately, and officers do not identify this as no review takes place.	Oracle does not bring forward balances; it perpetually calculates balances on account from the sum of the transactions. The opening balances were checked by officers after amendments were made following the audit of the Statement of Accounts to ensure that the ledger matched the Statement of Accounts.	Check the opening balances in Oracle are consistent with the Statement of Accounts. Record the verification of the balances and sign off.	30 November 2012	
5	*	11	Recommendation 5: General Ledger: Trial Balance (Ex.10) The Council should complete regular trial balances to ensure there are no major differences. Completion of regular trial balances has not taken place during 2011/12. Trial balances are instead only completed at the year-end	Jeff Garfoot	Strategic Finance - Ian Herberson	Medium	The risk is that an imbalance occurs that is not identified before the year-end. Trial balances will be substantively tested at year end.	Agreed. Trial balances are being undertaken weekly, daily during the final accounts period. A trial balance was run on 9 March 2012, ahead of the final accounts period and was in balance. During the year, trial balances should be run to ensure the system is in balance. On a monthly basis, there should also be a reconciliation to the Discoverer Reports. During the year, trial balances should be run to ensure the system is in balance. On a monthly basis, there should also be a reconciliation to the Discoverer Reports.	Ensure that Trial Balances are produced on a regular basis Ensure that the Trial Balances are reviewed and corrective action taken where necessary. Ensure that the Trial Balances are filed centrally for evidence of completion and correctness.	30 November 2012	
6	*	35	Recommendation 6: General Ledger: Electronic authorisation (Ex. 11) The Council should introduce a system of approving reconciliations using emails. This will require the approving officer to email the preparer to confirm the reconciliation is accurate. Officers complete monthly Drive to Oracle reconciliations. A suitable officer then reviews and approves the reconciliation. This is an electronic authorisation which makes it difficult to verify the officer reviewing the reconciliation.	Jeff Garfoot	Strategic Finance - Ian Herberson	Medium	The risk is the review of the reconciliation does not take place.	The weekly reconciliation of the files processed through the AIM interface from the former District Council's Agresso systems to Oracle no longer occurs. As the Agresso systems have been decommissioned, this reconciliation is no longer applicable.		Complete	Required
7	*	14	Recommendation 7: Payroll: No authorised signatories list (Ex.14) Either the Payroll section or the Service Departments should introduce an authorised signatories list, to help reduce the risk of submission of fraudulent time sheets. Neither the Payroll section nor the individual departments keep an authorised signatories list. It is not possible to confirm an approved officer has signed the manual time sheets.	Kim Jobson	HR - Payroll and Pensions - Nick Orton	Medium	The risk is submission of inaccurate or fraudulent claims without the knowledge of the supervising officer	Creating, maintaining and using an authorised signatories list would be significant, labour intensive paper based task which would have doubtful benefits. A more suitable approach for confirming the validity of claims is to move where possible to electronic submission of claims. The identity of the individuals submitting/authorising the claims is confirmed through their logging on to the system. Online mileage claims are already being rolled out across the Authority. The payroll system allows for the facility to allow electronic submission of additional hours worked. Some development work will be required and a decision on whether to develop this functionality is likely to be taken by 30 September 12. There is some feasibility work and planning to be undertaken before the decision to progress the solution can be taken. It is likely that the feasibility work will be complete by September 2013. At present, a check is carried out to establish that timesheets and claims have been signed. The implementation of a module for recording additional hours on self service basis, similar to the MyView system, should be achievable though it is not possible at this time to determine the true cost or savings that would be required / achieved through such a system. A ResourceLink development plan is in the process of being developed and it is expected that this will be included as a potential system development. Appropriate high level governance arrangements are in place to monitor the development of the ResourceLink system through project board arrangements	Decide on the development of the functionality in ResourceLink to allow electronic submission of claims Move to electronic submission of claims - subject to above action Following the development of a ResourceLink development plan, implement a module for recording additional hours.	30 September 2014	
8			Recommendation 8: Payroll: BACS pay run authorisation (Ex.15) The Payroll section should ensure a Team Supervisor authorises all BACS submission files. After creating a BACS submission file the Team Supervisor authorises a hard copy of the file. However, no Team Supervisor had authorised the BACS submission file tested during audit.	Kim Jobson	HR - Payroll and Pensions - Nick Orton	Medium	The risk is that no review of the BACS submission file took place. Increasing the risk of inaccurate payments.	All BACS submission files are now authorised by a Team Supervisor.		Complete	Required

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9		Recommendation 9: Payroll: Voluntary Redundancy agreement not signed and returned by leaver (Ex. 18) The Council should ensure all employees leaving have returned signed copies of the redundancy agreements. The leaver tested had not signed and returned the voluntary redundancy agreement, sent by the Council. Officers confirmed the employee should have returned a signed agreement. However, because of the volume of redundancies processed during the year they have been unable to check the return of all redundancy agreements.	Kim Jobson	HR - Lorraine Anderson	Medium	The risk is that the Council incorrectly processes voluntary redundancies without the individual concerned agreeing to take redundancy.	From June 2012 the process will be undertaken from one central point (The new HR Service) and in this regard audit and monitoring checks will be implemented to ensure all cases have the appropriate signatures prior to agreement to cases.	Complete	Required	
10	*	12	Recommendation 10: Payroll: Reconciliation of payroll upload files to GL (Ex.19) The Council should ensure a senior officer reviews and authorises all reconciliations in retrospect. The Ledger Management Team completes a monthly reconciliation between the Payroll upload files and the General Ledger. However, there is no independent review and authorisation of the reconciliation	Jeff Garfoot	Strategic Finance - Beverley White	Medium	The risk is the reconciliations are not accurate and because no review takes place this is not identified.	Ledger Management team will report to Beverley White going forward. The review of the reconciliations will be done by Joanne Watson as the Ledger Manager's line manager.	<input type="text" value="Complete the reconciliations"/> <input type="text" value="Review and authorise the reconciliations"/> <input type="text" value="File the reconciliations to evidence completion"/>	30 November 2012
11	*		Recommendation 11: Accounts Payable: Payrun authorisation (Ex.3) The Council should introduce an independent review of pay sheets and BACS files. Accounts Payable Team Leaders prepare daily pay run sheets in Oracle. However, there is no review and authorisation of the pay run by an independent officer to ensure the pay sheet is accurate.	Paul Darby	Service Finance - K Coad / Chris Jones	Medium	The risk is the Council pays inappropriate invoices, and because of no formal review taking place this is not identified.	An independent officer has now been nominated.	<input type="text" value="Ensure the BACS payments are reviewed and authorised by the nominated person."/>	30 November 2012
12			Recommendation 12: Accounts Payable: Authorised Signatories List (Ex.50) The Accounts Payable section should introduce an authorised signatories list. Officers could limit the lists size by reducing the number of individuals with the ability to certify non-purchase order invoices within each department. The Accounts Payable section do not keep an authorised signatories list. As a result they are unable to gain assurance that only approved officers certify non-purchase order invoices for payment.	Paul Darby	Service Finance - K Coad / Chris Jones	Medium	The risk is certification of invoices by unapproved officers resulting in payment of inappropriate invoices	The current approved signatory list is available. This list will be reviewed and updated if applicable during 2012/13.	<input type="text" value="Review the authorised signatory list and revise if applicable."/>	30 November 2012 and on-going
13	*	15	Recommendation 13: Accounts Payable: Non-Purchase Order invoice review (Ex.51) An independent officer should review all non-purchase order invoices after entry into the Accounts Payable system. This officer should then validate the invoice for payment. This would help identify errors or inappropriate invoices. After the manual entry of non-purchase order invoices into the Accounts Payable system there is no review by an independent officer to ensure the details entered are correct. In addition, the same officer who entered the invoice details also manually validates the invoice in the Accounts Payable system, which approves the invoice for payment.	Paul Darby	Service Finance - K Coad / Chris Jones	High	The risk is that coding or payment errors occur because there is no independent review of the information entered into the Accounts Payable System. In addition, the processing of inappropriate invoices for payment is also a risk, as the officer entering the invoice details has the ability to validate the invoice for payment, without review from another officer.	The current P2P review project has targeted this process to reduce the percentage of invoices processed this way, from 50% to 10%. On completion of the review (Jan 2013) a full quality check will be implemented.	<input type="text" value="Complete P2P review."/> <input type="text" value="Implement a full quality check"/>	31 January 2013
14	*	40	Recommendation 14: Accounts Payable and Receivable: Control account Reconciliations (Ex.5) The Council should ensure the timely review and authorisation of all reconciliations by a senior officer. Officers have completed regular Accounts Payable and Accounts Receivable control account reconciliations. However, in November 2011 the only reconciliations authorised by a senior officer were the August, September and October 2011 reconciliations.	Jeff Garfoot	Strategic Finance - Ian Herberson	Medium	The risk is errors in the reconciliations are not identified as no review takes place.	This process was implemented following the AGR for 2010/11. The reconciliation is completed by Financial Systems and reviewed by Strategic Finance. The review and authorisation is now done on a regular/monthly basis.	Complete	Required
15			Recommendation 15: Account Receivable: Periodic Invoices (Ex.12) The Council should ensure the timely raising of all periodic invoices. Responsibility for periodic invoicing passed from the Accounts Receivable team to the Asset Management Team in 2011/12. Officers explained there was little handover between the two sections, which resulted in problems raising periodic invoices. Asset Management Team are only raising district invoices on a piecemeal basis as they only received district Agresso reports in November 2011. In addition, the Asset Management team has expressed concern that issuing of bills to some properties has not taken place for several years.	Stuart Timmiss	Asset Management Team - Gerard Darby	Medium	The risk is the Council has not collected all periodical income.	An assets Billing working group has been set up meeting on a monthly basis. Processes are being reviewed and properties under separate classifications are being scrutinised and time periods/ billing requirement ascertained/. Garage rent are currently on system with Industrial units review ongoing.	<input type="text" value="Following initial success with garage rents the next step is for the commercial rents to be invoiced automatically"/> <input type="text" value="Re visit the project following the Assets restructure and reconvene the meetings"/> <input type="text" value="Onerous tenancies will continue to be invoiced by Asset Management"/>	31 January 2013
16			Recommendation 16: Accounts Receivable: No reconciliation between Schools (SIMS) Receipts and Accounts Receivable System (Ex.13). The Council should introduce a formal reconciliation between the two systems to help ensure the upload of all receipts from the SIMS system into the Accounts Receivable system. No formal reconciliation between the Accounts Receivable system and Schools (SIMS) system is completed. Instead, officers rely on an error message from Oracle to identify any receipts not correctly uploaded during the upload.	Paul Darby	Service Finance - Ian Mordue	Medium	The risk is the Accounts Receivable system may not include all transactions from the Schools (SIMS) system.	The income is input into SIMS manually via receipts advice forms. The Income team match/reconcile all school bankings, i.e. bank receipts to SIMS. Controlled by an Oracle weekly report showing outstanding items. Quality checking process being determined. In addition, the schools funding finance team run regular Oracle reports and provide to the schools for further reconciliation. A review will be undertaken by the Schools Funding team. Possible clarification needed with regards to the error message within Oracle AR. Debtors invoices not raised within Oracle	<input type="text" value="Determine a quality checking process"/> <input type="text" value="School funding team to review the process"/> <input type="text" value="Establish the meaning of the error message from Oracle system."/>	31 December 2012
17			Recommendation 17: Loans and Investments: Monthly reconciliation not authorised (Ex.17). The Council should ensure a senior officer reviews and authorises the monthly and year-end reconciliations. Investments and Loans - Officers perform a monthly reconciliation of the Investments Monitoring Schedule, which contains details of all investments made, and the General Ledger and of all PWLB interest and principal payments in the General Ledger to the PWLB Loan Schedule. In both cases, a senior officer reviews the reconciliation. However, there is no evidence of this review taking place.	Jeff Garfoot	Strategic Finance - Ian Herberson	Medium	The risk is the reconciliations are not accurate and because no review takes place this is not identified.	Following Finance Unitisation, a senior officer has now been assigned responsibility for this review.	<input type="text" value="Complete the monthly reconciliation"/> <input type="text" value="Review the reconciliation - ensure that it is correct, or take corrective action."/> <input type="text" value="Retain evidence of the review of the reconciliation"/>	30 November 2012

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18	* 18	Recommendation 18: Oracle Projects: No authorised signatories list (Ex.54). Service Direct should compile an authorised signatories list to provide assurance that all extraction forms and time sheets have suitable approval. No authorised signatories list is in place at the Service Direct site. This affects both extraction forms, used to confirm the receipt of goods, and manual time sheets. Site Foremen sign both to confirm their accuracy. It was not possible to confirm that an approved individual signed the extraction form and time sheet tested as no authorised signatories list is in place.	Paul Darby	Service Finance - Neighbourhood Services	Medium	The risk is that an inappropriate individual approves both the extraction forms and time sheets, resulting in the processing of inaccurate information.	All goods are ordered electronically using the Oracle system by the newly created Materials Controllers posts and the requisitioner is identified at that stage. Goods are 'receipted' by the Materials Controller once they have been received. They use the delivery note as proof or confirm with the requisitioner / Site Foreman / Supervisor that the goods have been received	Complete	Required	
19	* 19	Recommendation 19: Oracle Projects: Lack of evidence of surveyor visit or authorisation (Ex.55) Service Direct should ensure that Oracle Projects or a hard copy file documents all work completed by the Surveyor. Officers claimed Surveyors re-measure Service Direct jobs to identify actual charges. However, there is no evidence of this inspection taking place. As the job file does not contain details of the Surveyors visit. Evidence of the surveyors approving the job is also limited.	Paul Darby	Service Finance - Neighbourhood Services	Medium	Officers claimed Surveyors re-measure Service Direct jobs to identify actual charges. However, there is no evidence of this inspection taking place. As the job file does not contain details of the Surveyors visit. Evidence of the surveyors approving the job is also limited.	Once a job is completed it is approved by the clients agent (Buildings Surveyor / Architect) who issues a Practical Completion certificate with or without a snagging list which are minor items of work still to be completed. After the 12 months defects liability period comes to an end a further inspection is carried out by the client's agent and Direct Services and any remedial works are then undertaken. On completion of these defects a 'Making Good / Final Certificate' is issued by the clients agent. This system has been recently reinforced and is monitored and reported upon by B & FM's Programme Planner and we are now confident that all projects follow this process which ensures all jobs are 'signed off' and we improve our customer satisfaction levels.	Complete	Required	
20		Recommendation 20: Repairs and Maintenance: Delivery note filing (Ex.20) Service Direct should ensure filing of all delivery notes in date or supplier order. No formal filing system is in place for the delivery notes received by the Materials Controller. As a result it was difficult to find specific delivery notes	Paul Darby	Service Finance - Neighbourhood Services	Low	The risk is that Site Foremen do not provide the Materials Controllers with delivery notes. Instead, the Material Controller simply receipts the goods in Oracle when required to, to ensure the prompt payment of invoices. This may therefore result in inaccurate delivery and payment of goods.	Agree with the recommendation, and this will be implemented as soon as possible	Ensure that the recommendation has been implemented.	30 November 2012	Required
21	* 18	Recommendation 21: Repairs and Maintenance: No authorised signatories list (Ex.21) Service Direct should compile an authorised signatories list to provide assurance that all time sheets have suitable approval. No authorised signatories list is in place at the Service Direct site. Approved officers sign manual time sheets completed by employees to confirm their accuracy. However, as there is no authorised signatories list it was not possible to confirm that the officer signing the extraction form and time sheet was approved to do so.	Paul Darby	Service Finance - Neighbourhood Services	Medium	The risk is that an inappropriate individual approves time sheets, resulting in the processing of inaccurate information.	Agree with the recommendation, and this will be implemented as soon as possible	Ensure that the recommendation has been implemented.	Complete	Required
22		Recommendation 22: Repairs and Maintenance: Receipting of materials in Oracle (Ex.22) An independent officer should review receipts entered into Oracle to ensure the information entered is accurate, before Oracle recognises the receipts. The receipting of goods in Oracle for the transaction tested was not completed correctly. This is because the officer receipting the goods wrongly included the price (£12.98) in the quantity received column; while including the quantity received (1) in the price column. Oracle updates any commitment already in the system, through multiplying the quantity by the unit price. This inaccurate treatment had no impact on the updated commitment; however officers stated that large errors have occurred because of the inaccurate receipting of goods in Oracle.	Jeff Garfoot	Corporate Finance - Financial Systems - Keith Munroe	Medium	The risk is the individual receipting the goods enters wrong information resulting in inappropriate balances in the General Ledger. Although, budget monitoring would identify this, it could be time-consuming to correct any errors uploaded in such a way.	Introducing an independent check on every receipt entered is not practical as a control to eradicate occasional errors; plus there is no standard functionality to facilitate and it would require a customisation. The compensating control is that all outstanding accruals for material amounts (above £250) are circulated (on a monthly basis) for review.	Complete	Required	
23		Recommendation 23: SSID: Reconciliation of the SSID upload to the Accounts Payable system (Ex.16) The Council should ensure the year-end reconciliation uses the control total sheet and that a senior officer reviews and authorises the year-end reconciliation. Officers complete an informal reconciliation between the SSID upload file and the Accounts Payable system after every SSID upload. However, there is no control sheet in place and no formal documentation of the reconciliation exists. Officers have provided assurance that a control sheet will be introduced by the year-end.	Paul Darby	Service Finance - Accounts Payable - Chris Jones	Medium	The risk is the reconciliation is not in place and as a result not all invoices are uploaded to the Accounts Payable system for payment.	This reconciliation is included in the Material Systems reconciliation procedure. The reconciliation for 2011/12 was completed when each batch was posted but the formal recording of these was only updated at the year end. Responsibilities will be allocated shortly to ensure that the reconciliation and review are completed on a monthly basis. Although governed by the constraints of Oracle, reconciliation/control sheets are now checked, maintained and filed following each upload. It is assumed that the year end reconciliation is carried out by an officer from Strategic Finance.	Allocate responsibility for preparation and review of the reconciliation. Ensure completion of the reconciliation Review the reconciliation and ensure correct, or take corrective action Retain evidence of review	30 November 2012	
24		Recommendation 24: SIMS: Invoice not authorised for payment (Ex.23) School Finance staff should ensure that all invoices are authorised. The School Manager should keep all GRN's on file to provide evidence the goods have been received. The Durham Federation Finance Team stated that an approved individual signs all invoices before payment. However, the invoice tested was not authorised for payment. In addition, there is no documentary evidence of the School Manager confirming the goods were received.	Paul Darby	Service Finance - David Shirer	Low	The risk is the payment of inaccurate or fraudulent invoices. In addition, goods may not have been received as there is no formal documentation of the School Manager receiving the goods.	A reminder will be issued to schools via the Extranet, about recommended procedures.	Issue reminder to schools	30 November 2012	
25		Recommendation 25: SIMS: Authorised Signatories List (Ex.24) The School Funding Team should ensure the annual updating of all authorised signatory lists. The Payment Authorisation Control Listing (PACL) tested was authorised by a member of staff not included on the authorised signatories list held by the School Funding Team. Officers stated the authorised signatories list was out-of-date and provided evidence they were included on the petty cash authorised signatories list, which is a suitable compensating control.	Paul Darby	Service Finance - David Shirer	Medium	The risk is an unapproved individual signs the PACL and as the signatories lists are not up to date this is not identified. This could result in payment of inaccurate or fraudulent invoices.	Agreed. The Creditor Team within School Funding will pursue this after half-term which is the best time to do this.	Update the authorised signatory lists	30 November 2012	

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26		<p>Recommendation 26: SIMS: Reconciliation of the SIMS upload to Accounts Payable system (Ex.25) The Council should ensure the year-end reconciliation uses the control total sheet and also ensure a senior officer reviews and authorises the year-end reconciliation.</p> <p>Officers complete an informal reconciliation between the SIMS upload file and the Accounts Payable system after every SIMS upload. However, there is no control sheet in place. Therefore no formal documentation of the reconciliation exists. Officers have provided assurance that a control sheet will be introduced by the year-end.</p>	Paul Darby	Service Finance - David Shirer	Medium	The risk is the reconciliation is not in place and as a result not all invoices are uploaded to the Accounts Payable system for payment.	<p>This reconciliation is included in the Material Systems reconciliation procedure. The reconciliation for 2011/12 was completed when each batch was posted but the formal recording of these was only updated at the year end. Responsibilities will be allocated shortly to ensure that the reconciliation and review are completed on a monthly basis. This is now partially done. Reports from SIMS are sent to Creditors who then report on discrepancies to School Funding</p>	<p>Allocate responsibility for the preparation and review of the reconciliation</p> <p>Ensure completion of the reconciliation</p> <p>Review the reconciliation and ensure correct, or take corrective action</p> <p>Retain evidence of review</p>	30 November 2012	
27		<p>Recommendation 27: Housing Benefits: Council Tax Benefit duplicate payment (Ex. 40) The Council should ensure that officers review all cases on the spool report and make manual amendments to the affected claims.</p> <p>City of Durham - Following conversion from the Northgate system to the Civica system, officers identified 48 claims with a total value of £17,403.33 receiving a duplicate Council Tax Benefit (CTB) payment in error. These claims were logged to be corrected.</p> <p>Testing found that the Council made a duplicate Council Tax Benefit payment to Council Tax account 3612363390 for claim number 1009328. As at 4 January 2012 officers had not amended the affected claims.</p>	Paul Darby	Service Finance - M Waters/J Scotney	Low	The risk is the Council Tax Benefit posted to the claimants Council Tax account is wrong.	Conversion testing identified an issue regarding duplicated CTB payments, CIVICA subsequently ran a utility identifying a total of 48 affected claims. All claims have now been corrected and updated. The CTB posted to the Council Tax accounts has also been checked and is correct.		Complete	Required
28	*	26	<p>Recommendation 28: Housing Benefits: Benefit payment controls (Ex.41) The Council should ensure a Senior officer reviews all Housing Benefits payments before submission.</p> <p>Authorisation of Housing Benefit payments by a senior officer before processing is not required.</p>	Paul Darby	Service Finance - C Blackburn/ T Robinson	High	The risk is payment of inaccurate or fraudulent payments, as there is no requirement for the payment file to be authorised.	All HB payment runs (BACS & Cheque) are now countersigned by a senior officer in line with the authorized signatory list before submission. Spreadsheets now record details of the officer creating the payment file, counter signing officer and offer responsible for the file submission.	Complete	Required
29		<p>Recommendation 29: Housing Benefits: Rent Rebate Reconciliations (Ex.42) The Council should introduce a standardised format for completing reconciliations. Timely three-way reconciliations between the General Ledger, Housing Benefits and Housing Rents system, which are reviewed and authorised by a senior officer. All entries and reconciling items should be referenced to supporting documentation.</p> <p>Easington and Wear Valley Prior to January 2012, Rent Rebate reconciliations between the Housing Benefit system and the East Durham Homes and Dale and Valley Homes systems have only been completed on the former district systems.</p> <p>City of Durham - The reconciliation does not reconcile the Housing Benefit system to the Housing rents system. Instead it is only reconciles the Housing Benefits system to the General Ledger.</p> <p>Durham County Council (Unitary) Officers have not performed reconciliations during 2011/12.</p>	Paul Darby	Service Finance - C Blackburn/ T Robinson	High	The risk is the values contained within the Housing Rents systems do not agree to the Housing Benefits system.	At the time of the walkthrough, reconciliations had not been completed on the new merged system. Since January 2012, a full reconciliation has taken place for 2011/12 for all three of the HRA providers, with any discrepancies identified and noted. Reconciliation procedures have been developed and implemented internally. Reconciliation procedures have also been agreed with the housing providers, EDH, D&VH and DCH and reconciliations will continue to be completed as part of the overall Rents Reconciliations for all three areas.		Complete	Required
30		<p>Recommendation 30: Housing Benefits: Council Tax Benefit Reconciliations (Ex. 42) The Council should introduce a standardised format for completing reconciliations. A senior should review also review and authorise the reconciliations. All entries and reconciling items should be referenced to supporting documentation.</p> <p>No Council Tax benefit reconciliation has been completed during 2011/12.</p>	Paul Darby	Service Finance - C Blackburn/ T Robinson	High	The risk is the values contained within the General Ledger for Council Tax Benefit may not agree to those held within the Housing Benefit and Council Tax systems.	Following completion of the merged new system full reconciliation has taken place. Since January 2012 the monthly reconciliations have re-commenced.		Complete	Required
31		<p>Recommendation 31: Housing Benefits: Rent Allowance Reconciliations (Ex.42) The Council should introduce a standardised format for completing reconciliations. A senior should review also review and authorise the reconciliations. All entries and reconciling items should be referenced to supporting documentation.</p> <p>Chester-le-Street The format of the reconciliation is difficult to understand. In addition, unreconciled items with a value of £110,000 are included.</p> <p>City of Durham The reconciliation includes a BACS returned value for the period 1 September – 23 October 2011 of £2,366.16. However, this balance appears to exclude the BACS payment of £67 returned on 13 September 2011.</p> <p>Sedgefield The reconciliation prior to merge identified there were payments of £1,977,097.33 included in the Housing Benefit system that were not in the General Ledger. In addition, there is no evidence of follow-up to ensure the payment was subsequently included in the General Ledger. The reconciliation prior to merge identified there were payments of £1,977,097.33 included in the Housing Benefit system that were not in the General Ledger. In addition, there is no evidence of follow-up to ensure the payment was subsequently included in the General Ledger.</p> <p>Durham County Council - Merged - The reconciliation has not been completed in a timely manner and there is no evidence of review of the reconciliation by a senior officer.</p>	Paul Darby	Service Finance - C Blackburn/ T Robinson	High		<p>Pre merged Chester le Street - Officers have identified the discrepancies and are working to resolve the issue.</p> <p>City of Durham - The balance appeared to exclude the £67, however this was a result of an unclear explanation. It had been identified during a reconciliation of the new system and the reconciliation details have been amended to explain the discrepancy.</p> <p>Sedgefield - This amount was the advanced payment made prior to the shutdown of the Northgate system. This was identified during the reconciliation process and the former Sedgefield system has been reconciled and balanced.</p> <p>Durham County Council - Merged - Following 'go live' of the new system, procedures are in place to reconcile payments on a monthly basis going forward. A full reconciliation has taken place for the 2011/12 merged system, with any discrepancies identified and noted. This will be completed during May 2012.</p>		Complete	Required
32		<p>Recommendation 32: Housing Benefits: First payment made to landlords (Ex.43) The Council should only make first payments to the claimant's landlord if the claimant has approved the payment.</p> <p>The Council has followed the guidance in A4/2011 of making first payments to landlords, as detailed in the Council's official guidance issued to assessors. In the one case tested, the claimant made specific requests that they receive the first payment direct</p>	Paul Darby	Service Finance - C Blackburn/ T Robinson	High	The risk is the Council are paying the first payment of Housing Benefit to the wrong recipient and would therefore be liable to repay the claimant the first payment. In addition, there is a potential risk through breaching the Data Protection Act 2000 by paying the claimants landlord without the claimants consent.	Housing Benefit (LHA & A4/2011) guidance states that an authority may make the first payment of Housing Benefit to the landlord, where they consider that it will assist the customer in securing or retaining a tenancy.		Complete	Required

No.	2010/11 Finding	2011/12 Finding	Accountable Officer - Responsibility Head of Service	Priority	Auditor comments	Response	Actions	Complete by:	Evidence
33	* 27	Recommendation 33: Housing Benefits: Parameters (Ex.44) The Council should ensure a senior officer reviews and authorises the parameters entered into the merged system. Officers could not provide evidence a senior officer has reviewed the parameters in the new merged Housing Benefit system.	Paul Darby	Service Finance - M Waters/J Scotney	High	The risk is the parameters in the merged system have been wrongly entered and therefore the benefit calculations made by the system will be inaccurate.	Spreadsheets were available detailing all parameters set and whilst all parameters were checked by a senior officer the spreadsheets were not countersigned. Moving forward as part of 2012/13 annual billing processes all parameters have been set in accordance with the 2012/13 charges. All parameters have been checked and countersigned. The process of counter signing has now been adopted for all parameter changes.	Complete	Required
34		Recommendation 34: Council Tax: Reconciliation of VOA schedule to RV reports (Ex.32) The Council should ensure the review and authorisation of the reconciliation by a senior officer. Officers have completed a reconciliation of VOA schedule to banding reports. However, there is no evidence of review and authorisation of the reconciliation by a senior officer.	Paul Darby	Service Finance - K Coad	Medium	The risk is the reconciliations are not accurate and as no review takes place this is not identified.	Procedures have now been implemented to formally record the review which is undertaken by a senior officer.	Complete	Required
35		Recommendation 35: Council Tax and NNDR: Unable to provide documentation of new property (Ex.34 and 40) The Council should ensure that all documentation is found and suitably filed. Officers stated that planning department report all new properties or amendments to existing properties that require assessment for Council Tax and NNDR purposes. However, the supporting documentation for one new property was not readily available as evidence for testing at the time our work was carried out for Council tax at Sedgfield and NNDR at Derwentside, due to staff and documentation being located on several sites.	Paul Darby	Service Finance - K Coad/A Searle	Medium	The risk is that some properties are not charged Council Tax and NNDR as assessments are not undertaken.	Following the implementation of the unitary systems and structure, procedures have been put into place and documentation centralised and filed.	Complete	Required
36	* 22, 24	Recommendation 36: Council Tax and NNDR : Authorisation of Parameters (Ex.46 and Ex.37) The Council should ensure a senior officer should review the 2012/13 parameters, and formal documentation of the review kept. Sedgfield The parameters for 2011/12 were input into the system and then reviewed by an independent officer. However, documentation of the review took place several months after entering the parameters. Therefore there is only evidence of this control taking place in retrospect. Council tax - wear valley, teesdale and derwentside Senior officers entered the parameters and more junior staff then reviewed them (NB Teesdale - a senior officer did not review and authorise the NNDR parameters). This is a control weakness as there is a risk that junior staff do not have the relevant expertise and may feel pressured into agreeing the work of more senior officers when errors have occurred. Chester-le-Street and Easington Officers could not find supporting documentation to support the annual updating of parameters. City of Durham – NNDR only Officers claimed the parameters were input by two members of staff and then reviewed by a senior officer. However, the officer who claimed they reviewed the parameters has signed the supporting documentation as the inputting officer. The documentation does not include any evidence of another individual reviewing the parameters. Therefore there is no evidence to support the procedures described by officers. Durham County Unitary - Officers could not provide documentary evidence of review of the Council Tax parameters after migration from the former district systems to the new unitary system.	Paul Darby	Service Finance - M Waters/J Scotney	High	The risk is the parameters were inaccurate and that no review was in place to identify the errors.	All former district sites are now obsolete i.e. Sedgfield, Wear Valley, Teesdale, Derwentside, Chester-le-Street and Easington. Durham County Unitary - Spreadsheets were available detailing all parameters set and whilst all parameters were checked by a senior officer the spreadsheets were not countersigned. As part of 2012/13 annual billing processes all parameters were set in accordance with the 2012/13 charges. All parameters were checked and countersigned. The process of counter signing has now been adopted for all parameter changes.	Complete	Required
37		Recommendation 37: Council Tax and NNDR: Fund account reconciliations (Ex.62) The Council should try to deal with all reconciling items ready for the year-end reconciliation. A senior officer should also review and authorise the year-end reconciliation. Going forward all reconciliations should be completed on a timely basis. The Unitary Council Tax and NNDR system reconciliations were not completed in a timely manner and included a significant number of reconciling items, which officers were unable to explain as part of the January 2012 reconciliation. However, officers intend to resolve most reconciling items ready for the year-end reconciliation. In addition, no evidence of senior officer review and authorisation has taken place.	Paul Darby	Service Finance - K Coad/ J Dowson	High	The risk is the General Ledger does not include all Council Tax and NNDR transactions.	Extensive work has been carried out in this area. A detailed action plan was developed, which included year end closedown procedures as well as a Reconciliation Proforma Log. Weekly meetings/updates continue to be conducted to monitor progress. A senior officer has responsibility for reviewing all income reconciliations in accordance with a pre-approved checklist, on at least a monthly basis.	Complete	Required
38		Recommendation 38: NNDR: Reconciliation of VO Schedules to RV reports (Ex.36) The Council should ensure the review and authorisation of the reconciliation by a senior officer. Durham County Council – All Sites Officers have completed a reconciliation of VOA schedule to banding reports. However, there is no evidence of review and authorisation of the reconciliation by a senior officer. Easington For the 20 April 2011 the VO schedule states there are properties of 2,365 with a rateable value of 49,231,651. However, the property control report from the NNDR system shows properties of 2,364 with a rateable value of 49,254,901. Officers could not explain this difference.	Paul Darby	Service Finance - K Coad/A Searle	Medium	The risk is the reconciliations are not accurate and as no review takes place this is not identified. Also risk that NNDR records are incomplete and as a result not all NNDR income that should be received is	Procedures have now been implemented to formally record the review which is undertaken by senior officer	Complete	Required
39	* 34	Recommendation 39: Housing Rents: Review of feeder system upload files not documented (Ex.26) Officers should sign both the hardcopy summary file received from the feeder systems and the batch upload file from the Housing Rents system. Officers at East Durham Homes reconcile the feeder system upload files and the batch uploaded into the Housing Rents system to ensure that it is complete. However, no documentary evidence of this review is kept. This is the case for both Cash Receiving and Housing Benefit files	Paul Darby	Service Finance - K Coad/J Hughes	Medium	The risk is the reconciliation does not take place as it is not evidenced. As a result errors may occur that are not identified.	This reconciliation is completed by DCC for all Rents. The Revenues section undertakes a reconciliation showing the cash processed through ICON into the various rent systems. This is then confirmed with the rents teams to the figures uploaded into the rent systems.	Complete	Required

No.	2010/11 Finding	2011/12 Finding	Accountable Officer - Responsibility Head of Service	Priority	Auditor comments	Response	Actions	Complete by:	Evidence
40		Recommendation 40: Housing Rents: Weekly cash reconciliation not documented (Ex.27) All reconciliations should be reviewed, checked and authorised by a senior officer. Particular emphasis should be placed on ensuring the Year end housing rents reconciliations are reviewed and authorised. A control sheet could be introduced to evidence the reconciliation has taken place. The weekly reconciliation between the control spreadsheet for EDH, for both Cash Receipting and Housing Benefit payments received, and the total payments as recorded in Orchard is completed (although not evidenced formally). However, there is no independent review and authorisation of the reconciliation by a senior officer.	Paul Darby	Service Finance - K Coad / J Hughes	Medium	The risk is the reconciliation does not take place as it is not evidenced. As a result errors may occur that are not identified.	This reconciliation is completed by DCC for all Rents. The Revenues section undertakes a reconciliation showing the cash processed through ICON into the various rent systems. This is then confirmed with the rents teams to the figures uploaded into the rent systems.	Complete	Required
41		Recommendation 41: Reconciliations between the rents system and General Ledger not completed (Ex. 28) The Council should ensure completion of year-end reconciliations for all three sites. A senior officer should review and authorise all reconciliations. Casington As at 10 January 2012 officers had completed an informal reconciliation for the period April to November 2011. Officers are developing a control sheet that will formally document the reconciliation undertaken and are hoping to use this to document all 2011/12 monthly reconciliations retrospectively. Wear Valley and City of Durham No monthly reconciliations between the Housing Rents system and the General Ledger have been completed during 2011/12.	Paul Darby	Service Finance - J Hughes	High	The risk is the General Ledger does not include all Housing Rent transactions.	The 'informal' reconciliation has been carried out for several years by the Rent team at EDH. However the reconciliation reviewed did not include a signed control sheet. It is acknowledged that this reconciliation should follow the standard format identified and therefore the process has now been introduced	Complete	Required
42	* 34	Recommendation 42: Housing Rents: Authorisation of the rents uprating calculation (Ex.29) The rents uprating calculation should be authorised on a timely basis. A senior officer has reviewed and authorised the rent restructure document used to uprate the rents across all three sites. However, this was in retrospect several months after the uprating took place. Therefore there is a weakness in the timeliness of the control.	Paul Darby	Service Finance - J Hughes	Medium	The risk is the rent calculation for 2011/12 contains errors that were not identified.	The senior officer reviewed and authorised the rent restructure prior to the rents being uploaded, however the documentation evidencing this procedure was completed retrospectively. The 2012/13 review was completed and calculations signed off at the same time prior to upload.	Complete	Required
43		Recommendation 43: Housing Rents: Agreement of properties in the rent restructure document to the rents system (Ex.30) The Council should agree properties in the rent structure to the rents system on a timely basis. Officers carried out a random check of 15 properties for all three sites in retrospect several months after the new rents were uploaded to the rents systems. Therefore there is a weakness in the timeliness of this control.	Paul Darby	Service Finance - J Hughes	Medium	The risk is the rents have not been correctly uploaded and that this was not identified.	A review of all three rent systems had taken place to confirm that the rents were uploaded correctly, however as noted above, the documentation evidencing this procedure was completed retrospectively. During audit sample checking, no errors were found in relation to the upload. The 2012/13 review was completed and calculations signed off at the same time prior to upload.	Complete	Required
44		Recommendation 44: Housing Rents: Rent download and upload (Ex.39) The Council should ensure officers gain an understanding of the process carried out by contractors so they can review the contractors work, or if the contractor is not available can complete the download themselves. The rent download and upload for City of Durham is completed by a contractor based in Spain. It was not possible for us to walkthrough the process at the time of the audit.	Paul Darby	Service Finance - J Hughes	Medium	The risk is the contractor is not completing the rent download and uploads correctly and as a result of no review of the processes undertaken this is not identified.	In the context of the data load of new rents into the system, the rents are checked as above in order to review the contractors work. Should the contractor not be available, then the system supplier, Northgate, (or other consultants) would be able to undertake any requirements.	Complete	Required
45		Recommendation 45: Housing Rents: No review of property removal (Ex.45) The Council should introduce a review of all properties removed to ensure the removal has been completed correctly. A process is in place for the removal of properties from the Housing Rents system. However, this does not involve the property removed being reviewed by an independent officer to ensure the removal is correct.	Paul Darby	Service Finance - J Hughes	Medium	The risk is that properties that have either being privately bought or demolished are still included in the housing stock and charges and valuations are wrongly raised for these properties.	There are current processes in place to inform the Rent Teams to remove properties from the Rent Account. Any errors are spotted by the nature of the service. For example, should a RTB not be removed and the Authority continued to charge the rent, the former tenant advises immediately of the problem. Similarly, should a demolished property not be removed, the rent arrears would be highlighted immediately and upon investigation the problem would be found. There is an overall check at the year end as part of the Final Accounts process, where a reconciliation of stock numbers is undertaken for the HRA Statement. A similar mid-year check took place in previous years as part of the Housing Subsidy Base data return and whilst this return is no longer valid, it is the Head of Finance (Financial Services) intention to continue with this mid-year reconciliation. Continue the mid-year reconciliation	Complete	Required
46		Recommendation 46: Cash Receipting: Suspense Account (Ex.58) The Council should clear the suspense account of all large items by the year-end. As at 15 March 2012 the total value in suspense was £1,613,361.52. Of this balance, £1,568,871.34 related to March 2012. This does show significant improvement in managing suspense items from the very high balance seen early February 2012 which occurred due to the assignment of incorrect references meaning transactions were not automatically allocated. This has now resolved.	Paul Darby	Service Finance - K Coad/J Dowson	High	The risk is that a high volume of income is not correctly posted by the year-end.	The re - referencing has been resolved. Suspense amounts are being cleared on a daily basis and monitored weekly by management. The year end action plan ensured that all payments were posted on 31 March 2012.	Complete	Required
47		Recommendation 47: Cash Receipting: Cash sheet totals reconciliation not evidenced (Ex.59) The Council should ensure documentation is maintained to provide evidence of reconciliations taking place. No reconciliation was performed between the cash taken by the Spennymoor Cash Office and the amount recorded in ICON for the date tested, as the cash office printers were not working. This resulted in no hard copy documentation being obtained. Officers did however state that they reviewed ICON to ensure the values reconciled, although this review is not evidenced.	Paul Darby	Service Finance - K Coad / J Dowson	Medium	The risk is the reconciliation is not performed and as a result errors are not identified.	Upon failure of a printer, end of day reports can be produced in the back office. All cashiers bankings have been reconciled from 1 April 2011 as part of the bank reconciliation. These form part of the reconciliation action plan.	Complete	Required

No.	2010/11 Finding	2011/12 Finding	Accountable Officer - Responsibility Head of Service	Priority	Auditor comments	Response	Actions	Complete by:	Evidence
48		<p>Recommendation 48: Cash Receipting: Cash upload files reconciliation (Ex.60) The Council should reconcile all accounts in the General Ledger that are affected by the upload file. In addition, the reconciliation should be reviewed and authorised by a senior officer.</p> <p>A reconciliation is performed between the Cash upload file received from the ICON system and the cash recorded in the General Ledger, however this was only introduced 1 December 2011.</p> <p>The reconciliation only reconciles the element of the upload file coded to account 936900 - System Cash Account in the General Ledger. As a result the reconciliation for 9 January 2012 only reconciled £1,025,427.99 of £2,781,731.26 that was included in the cash upload file.</p> <p>In addition, there is no review and authorisation of the reconciliation by a senior officer.</p>	Paul Darby	High	The risk is the reconciliation does not highlight differences between the upload file and the General Ledger, as it only focuses on one General Ledger account and is not reviewed and authorised.	Originally this reconciliation only included amounts going through ICON, which explains that difference. Since then, the daily reconciliation has been extended to include all income. A senior officer now has responsibility for reviewing all income reconciliations in accordance with a pre-approved checklist, on at least a monthly basis.		Complete	Required
49		<p>Recommendation 49: Cash Receipting: Duplicate References (Ex.61) The Council should ensure that all income posted to duplicate reference accounts has been investigated and evidence gained that it has been posted to the correct account.</p> <p>When the new ICON system was introduced there were many duplicate account references in the former district systems. As a result income received for one account may be wrongly posted to the other based on the duplicate reference. Officers have stated that this is no longer an issue as this was identified early in 2011/12. They have also stated the fund account reconciliations are identifying any errors.</p>	Paul Darby	Low	The residual risk is that income posted to the wrong account is not identified but this is not a material risk.	An exercise was undertaken to identify all duplicate account numbers and where possible checked for wrong payments. The ICON allocation rules were amended from September 2011 to ensure that this could no longer happen.		Complete	Required
50	* 29	<p>Recommendation 50: Bank Reconciliations: Bank Reconciliations not prepared or authorised on a timely basis (Ex.56) The Council should ensure Bank reconciliations for all accounts should be prepared and authorised on a timely basis.</p> <p>As at 26 March 2012 the most recently completed County Fund reconciliation was 31 December 2011. January and February 2012 reconciliations were signed as prepared and reviewed on 27 March 2012 but they contained material amounts of items in the bank but not in General Ledger. Not all of these amounts were identified to transaction level.</p> <p>No district reconciliations have been undertaken since September 2011. Officers stated that one reconciliation will be prepared for each district, not each account, for the last 6 months of the year. In addition, there is no evidence the former district September 2011 reconciliations were reviewed and authorised.</p> <p>No Income Collection fund bank reconciliation has been undertaken during the year. This is because the bank reconciliation facility within ICON is not working.</p> <p>In addition, the Bank Reconciliations are not authorised on a timely basis. Bank reconciliations are also being authorised even though they include material reconciling items that have not been identified.</p>	Jeff Garfoot / Paul Darby	High	The risk is that bank or General Ledger errors will not be identified and corrected on a timely basis.	<p>Picked up by the Spennymoor team where extensive work has been carried out in this area. A detailed action plan has been developed. Weekly meetings/ updates continue to be conducted to monitor progress.</p> <p>A draft reconciliation is complete to 31 March 2012. However, a matching exercise is still underway. The finding refers to material, unreconciled items, this refers to cheque and BACS payments made from the Open Revenues system and not processed through Oracle.</p> <p>As there was no interface in place until April-12 to process the relevant GL coding in Oracle for these items, manual journals have been processed instead. There is now an exercise underway to match bank transactions (BACS batch values and individual cheque amounts) with manual journal entries (batch amounts). This should be completed by the w/e 20/5/12. As highlighted, the last reconciliations were carried out as at 30 September 2011. Since this date, each of these accounts have operated on an imprest basis (in that all credit transactions received are transferred on a daily basis over to the Income Collection account and are accounted for via ICON). Any debits that hit the account are coded manually in Oracle. The balances on each of these accounts were brought to zero as at 31 March 2012. The final exercise is still to be undertaken to ensure that the GL balances for each, reconcile to zero at the end of the year.</p>	Ensure the reconciliations are completed, reviewed and evidence retained	31 December 2012	
51		<p>Recommendation 51: Bank Reconciliations: Material sum of items through bank not included in General Ledger (Ex. 57) The Council should ensure that reconciliations are only authorised when all reconciling items have been identified. No interface between the Open Revenues system and the General Ledger exists. Therefore transactions are being posted manually. This has resulted in large reconciling items in the Bank reconciliation as items have been included in the Bank but not yet posted to the General Ledger. For example in January 2012 there was a total of £100.9 million. Some, but not all of these balances, have been identified down to transaction level. Even though these reconciling items exist, the bank reconciliations are still being signed off.</p>	Paul Darby	High	The risk is the General Ledger will not accurately reflect the bank transactions, which may impact on other areas such as budgetary control. Manual posting introduces an added risk of error or manipulation	A senior officer now has responsibility for reviewing all reconciliations in accordance with a pre-approved checklist, on at least a monthly basis.		Complete	Required
52		<p>Recommendation 52: SPOCC: No reconciliation between the SPOCC system and the Accounts Payable system (Ex.31) The Council should perform formal reconciliations between the SPOCC system and the Accounts Payable System. A senior officer should review and authorise the reconciliations. There is no formal reconciliation between the Accounts Payable system and SPOCC system. Officers stated they gain assurance that all payments processed through the SPOCC system are uploaded into the Accounts Payable system for payment, if no error warning appears when the file is uploaded.</p>	Paul Darby	Medium	The risk is the Accounts Payable system and General Ledger will not be complete.	Although governed by the constraints of Oracle, reconciliation/control sheets are now checked, maintained and filed following each upload. An AP supervisor reviews and authorises the reconciliation.		Complete	Required

Appendix 3 Annual Governance Report - Action Plan

2011/12 Finding	Accountable Officer - Responsibility Head of Service	Priority	Auditor comments	Response	Actions	Complete by:
1 Recommendation 1 Revaluations – schools	Stuart Timmiss Assets - Michael Gilbey	High	The Council Valuer will need to consider which assets are revalued in 2012/13 to avoid any problems with part valuation of schools. The Council should ensure that changes in valuations as at April and at the year end (31 March) are fully considered by finance as well as estates before deciding whether to account for these in the financial statements. A full valuation of schools should be completed as at 1 April 2012.	Rolling Programme with External Audit for consideration.	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Agree rolling programme of valuations with External Audit</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Issue instructions to Assets - Valuer</div> <div style="border: 1px solid black; padding: 2px;">Complete agreed valuations in line with agreed programme.</div>	30 November 2012
2 Recommendation 2 Asset register reconciliation to ledger	Jeff Garfoot Strategic Finance - Ian Herberson	High	Reconciliations between the fixed asset register and the general ledger should be completed as part of the closedown period and must reconcile to all figures in the PPE note in the accounts. This should be supported by working papers and be completed prior to submission of the draft statements. The asset register should be updated regularly throughout the year (including additions).	Although reconciliations were provided, they did not adequately verify all the figures in the PPE note. From 2012/13 the reconciliations will be extended to include verification of all movements recorded in the PPE Note. It is agreed that the asset register should be updated regularly throughout the year (including additions), however this is a challenge as it requires the continual reconciliation of additions to capital expenditure, which it is only possible to finalise at the year end. It is a further time consuming exercise to evaluate the additions for adding value to the asset.	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Complete reconciliations for all entries in PPE note</div> <div style="border: 1px solid black; padding: 2px;">Evaluate the benefit of including additions during the year</div>	30 June 2013
3 Recommendation 3 Asset register – migration of housing dwellings	Jeff Garfoot Strategic Finance - Ian Herberson	High	Easington Council Dwellings records are held on a village basis and not on an individual asset basis. The Council should look to migrate all three housing asset registers for council dwellings onto the IPF Asset Manager as soon as is practicable to address this issue.	Separate report to Audit Committee - 22 November 2012		28 February 2013
4 Recommendation 4 Working papers	Jeff Garfoot Strategic Finance - Hilary Appleton	High	The Council needs to ensure that final accounts working papers are prepared by officers as part of the closedown arrangements and a full set available for the beginning of the audit. There should be a clear audit trail to the figures in the statements and notes. This process will involve considerable effort but I am confident that the number of audit queries will reduce and more importantly so will the demands on officers' time.	Strategic Finance are discussing the format and extent of working papers that the External Auditor would expect to be provided. When devising the Final Accounts timetable for 2012/13 Closure of Accounts, it is proposed to build in an action and time for the completion of good quality working papers. A central repository will be established which adequately signposts the working papers provided to the Notes to the Statement of Accounts.	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Add action 'working paper completion' into Final Accounts timetable</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Create a central repository for the deposit of completed working papers ready for External Audit consideration</div> <div style="border: 1px solid black; padding: 2px;">Ensure the quality of the working papers is improved</div>	30 June 2013
5 Recommendation 5 HRA rents	Paul Darby Service Finance - Azhar Rafiq	High	Officers were unable to provide a detailed breakdown of the weekly rent income figure, for the week 02/01/2012 – 08/01/2012, from the Durham City Homes rents system because only one individual who works offsite has the appropriate knowledge to allow an interrogation of the system. Officers should ensure that they have the appropriate knowledge within the council to enable them to complete this task.	Reports to provide the specific evidence required were not available on the Rent System – however, we are able to provide a standard system report which details all transactions over a period identified. Unfortunately, this report is a text file and does not have the facility to sort/query and the size of such files can also negate manual reconciliation. Although the County Council uses a contractor, there are other means of providing the appropriate reports. The County Council will however consider how the appropriate skills and knowledge can be gained by officers. Officers will liaise with External Auditors prior to the year end to establish what evidence/information will be required for 2012/13 Audit so that this can be made available as a working paper.	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Consider how appropriate level of skills and knowledge to interrogate the system can be gained.</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Investigate the possibility of providing reports in a format that allows interrogation - i.e. not a text file.</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Discuss the information requirements with External Audit prior to the year end.</div> <div style="border: 1px solid black; padding: 2px;">Arrange for the required reports to be available as soon as possible after the year end.</div>	31 December 2012
6 Recommendation 6 HRA ALMOs	Paul Darby Service Finance - Azhar Rafiq	High	Both East Durham Homes and Dale and Valley Homes should be requested to specifically show a charge for 'Supervision and Management' and 'Repairs and Maintenance' on their periodic management fee invoices to provide a more robust method for finance officers to be able to prepare the classification needed for the accounts.	The management agreement with the ALMOs is a single agreement in return for a single management fee which is negotiated annually and we do not have separate funding agreements for repairs and management expenditure. The two ALMOs prepare income and expenditure accounts in line with companies act requirements and for their purposes a distinction is not necessary. The figures used in the final accounts process are developed following detailed and full consultation and agreement with the two ALMOs. Therefore the work required to ensure the figures are robust is already undertaken. Showing a notional breakdown on the invoice is not necessary. The year end position and the entries on the HRA statement are discussed and agreed with ALMO colleagues.	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Discuss the information requirements with External Audit prior to the year end.</div> <div style="border: 1px solid black; padding: 2px;">Provide evidence of the agreement of the split of the ALMO fee as appropriate.</div>	31 December 2012