

**FINAL REPORTS ISSUED IN PERIOD ENDING 31 DECEMBER 2014**

AUDIT AREA	BRIEF DESCRIPTION OF SCOPE OF THE AUDIT	FINAL OPINION
<b>ASSISTANT CHIEF EXECUTIVE (ACE)</b>		
Environment Partnership	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> <li>• a lack of clarity in respect of the roles and responsibilities of each partner</li> <li>• financial management arrangements in place are inadequate</li> <li>• performance management arrangements in place are inadequate</li> <li>• risk management arrangements in place are inadequate</li> </ul>	Substantial
Data Quality – 3 Specific Performance Indicators	Assurance review of the arrangements in place to calculate and report on three specific performance indicators. These were selected for review on a risk basis following ongoing work by Performance Management Officers.	Limited
Community Buildings	Advice & consultancy review of the Community Buildings Grant Funding Programme relating to the allocation of funds for community buildings.	N/A
Participatory Budgets	Advice & Consultancy review of the participatory budgeting process across all AAPs.	N/A
Community Buildings – Revenue Costs (Part 2)	Advice & consultancy review which provided financial information on the revenue costs of maintaining Community Buildings for the period 01/04/14 to 31/10/14.	N/A
<b>CHILDREN AND ADULT SERVICES (CAS)</b>		
Secure Services – Contract with Youth Justice Board	An Assurance review to consider the effectiveness of the process supporting income generation for the provision of beds at the Aycliffe Secure Centre in relation to the YJB Contract and to Other Local Authorities with a consideration to the Centre’s financial viability.	Substantial
Safeguarding of Children in Schools	An Assurance review (Third Party) to consider whether there are effective arrangements in place for the safeguarding of children in schools.	N/A
Establishment Visits and Overall Management	An Assurance review to consider whether: <ul style="list-style-type: none"> <li>• Income is accounted for on a timely basis</li> <li>• Expenditure is appropriately authorised in line with</li> </ul>	Limited

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Arrangements (Hawthorn House)	budget requirements.	
Pathways – Ebony Woodwork Unit	An Assurance review to consider whether: <ul style="list-style-type: none"> <li>• Income is accounted for on a timely basis</li> <li>• Expenditure is appropriately authorised in line with budget requirements.</li> </ul>	Moderate

<b>NEIGHBOURHOOD SERVICES (NS)</b>		
Libraries	A review of procurement, payments and custody of assets.	N/A
Trade Waste – Follow up	The objective of this review is to ensure that the action plan created in October 2013, following a previous audit of Trade Waste, has been implemented.	Moderate
Pest Control	To provide assurance on the management of the following risks: <ul style="list-style-type: none"> <li>• Uncontrolled infestation of buildings / land by pests / vermin</li> <li>• Inappropriate storage, security and use of hazardous substances</li> <li>• Income is not accounted for / misappropriated</li> </ul>	Moderate
Premises Licencing- Licence Fee Setting	To provide assurance on the management of the risk that license fees and conditions set by the authority are discriminatory and unjustifiable.	Substantial
Garden Waste Collection Scheme	To provide advice and guidance on the arrangements in place to manage the Garden Waste Collection Scheme	N/A
Quality Management System	An advice and guidance review of the Quality Management System and Procedures prior to external inspections	Not Applicable
Fleet Management	To provide assurance on the management of the following risks: <ul style="list-style-type: none"> <li>• Budget unavailable for replacement vehicles/plant</li> <li>• Vehicles and plant are not cost effectively acquired.</li> <li>• Contracts legislation including EU is not adhered to.</li> <li>• Vehicles and plant purchased are not fit for purpose.</li> <li>• Vehicle failure/ breakdown</li> <li>• Unsafe vehicles due to a lack of maintenance</li> <li>• Maintenance of vehicles not cost effective/ is inefficient</li> <li>• Vehicle/Plant is stolen or vandalised</li> <li>• The vehicle fleet is unproductive / under-utilised</li> <li>• Technicians are unproductive / under-utilised</li> <li>• Costs are not charged to the appropriate vehicle / cost centre</li> <li>• Vehicle costs exceed expected levels</li> </ul>	Limited

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	<ul style="list-style-type: none"> <li>• Vehicles are inefficient or operated inefficiently</li> <li>• Vehicles are used for non-council business</li> <li>• Vehicles which do not meet operational requirements remain in use</li> <li>• Disposal methods are inappropriate.</li> <li>• Disposals are not appropriately recorded</li> <li>• Vehicles are not appropriately decommissioned prior to disposal</li> <li>• Parts are not cost effectively acquired.</li> <li>• Misappropriation/ loss of stock</li> <li>• Income is not correctly accounted for.</li> <li>• Work is not correctly charged for.</li> <li>• Work undertaken is not viable.</li> <li>• Loss of operator's licence (HCV &amp; PCV)</li> <li>• Pollution</li> <li>• Vehicles are not driven safely</li> <li>• Vehicles are improperly insured</li> <li>• Arrangements at MOT centres do not comply with VOSA guidelines.</li> <li>• Accident in carrying out duties</li> <li>• Loss of information</li> </ul>	
Stores	<p>To provide assurance on the management of the following risks:</p> <ul style="list-style-type: none"> <li>• Misappropriation or loss of stock.</li> <li>• Stock holding is excessive or does not meet operational needs</li> <li>• Obsolete/spoiled stock.</li> <li>• Cost of providing stores exceeds the benefits.</li> <li>• Unsafe practices within the stores.</li> </ul>	Moderate
Winter Maintenance	<p>To provide assurance on the management of the following risks:</p> <ul style="list-style-type: none"> <li>• There is not an adequate system in place to meet the Council's statutory duties</li> <li>• There are not adequate resources (budget, staff, fleet and salt) in place to deliver the Winter Service Plan</li> <li>• Incorrect decisions are made when to deploy resources or not</li> <li>• Salt stocks cause environmental pollution</li> </ul>	N/A

<b>REGENERATION AND ECONOMIC DEVELOPMENT (RED)</b>		
Traffic Accident Data Unit	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Data is processed and reported inaccurately</li> <li>• Breaches of the Data Protection Act</li> <li>• Cause is not accurately identified</li> </ul>	Substantial

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	<ul style="list-style-type: none"> <li>• Remedial measures are not effective</li> <li>• Insufficient budget available to carry out required works</li> <li>• Data is lost or corrupted</li> </ul> <p>Also covered, as part of the audit, was a review of the RED Performance Indicators 44 (Number of people killed or seriously injured in road traffic accidents and 45 (Number of children killed or seriously injured in road traffic accidents).</p>	
Asset Management	Follow up assurance review to ensure that the action plan created in February 2014, following a previous audit of 'Asset Management – Disposals', has been implemented.	Moderate
Apprenticeship Programme	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Funding is awarded which is not in accordance with the prescribed criteria</li> <li>• Information is not accurately recorded and reported to the AAP</li> <li>• Governance and reporting arrangements are not in place</li> <li>• The employer is unaware or has not agreed to the grant terms and conditions</li> <li>• Grant money is not paid in accordance with the terms and conditions i.e. prior to the 3 months period</li> <li>• Evidence is not obtained to confirm the validity of the grant claim information</li> <li>• Grant payments have not been authorised</li> <li>• Employers are not aware of the Apprenticeships schemes available</li> <li>• Poor performance</li> <li>• Data protection and data retention arrangements are not in place</li> </ul>	Moderate

<b>RESOURCES</b>		
Counter Fraud – Procurement	Planned counter fraud review to identify potential cases where contracts had not been awarded or were not in place with suppliers, and where Corporate Procurement rules had not been adhered to.	N/A
Revenues & Benefits reconciliations	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Material errors/fraudulent activities within feeder systems or the General Ledger are not identified and corrected</li> <li>• Performance is not properly managed</li> </ul>	Substantial

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Capital Accounting	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Financial systems do not comply with the organisation's financial regulations, policies and procedures or the CIPFA Code of Practice for Local Authority Accounting</li> <li>• Service disruption</li> <li>• Financial management is ineffective</li> </ul>	Substantial
Business Improvement Districts	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• The levy is incorrectly calculated or not notified to the BID Company</li> <li>• The levy is not charged against all relevant properties or is charged against properties that it should not be charged against</li> <li>• Income collected is not correctly accounted for through the BID Revenue Account and is not paid over to the BID company at the appropriate time</li> <li>• Penalties imposed by HMRC on BID or DCC for incorrect accounting of VAT</li> <li>• Incorrect charging for the provision of the billing and collection service by DCC</li> <li>• Inappropriate recovery action is taken outside of the agreed policies and procedures</li> <li>• Billing and collection performance data is not provided to the BID Company as required in the Operating Agreement</li> </ul>	Substantial
Variations	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• EU and the basic procurement principles are not achieved, e.g. VFM, integrity, transparency, fairness, sustainability and supporting Council priorities</li> <li>• Procedures and processes delay procurement leading to officers seeking variations</li> </ul>	Substantial
Appraisals	<p>Assurance review of the arrangements in place to mitigate against the risk of the individual performance management framework not being embedded across the Council.</p>	Moderate
Infrastructure/ Networks	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Inappropriate system access</li> <li>• Loss of data or disclosure of sensitive data</li> <li>• Unauthorised changes</li> <li>• Degradation in network performance</li> </ul>	Moderate

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	<ul style="list-style-type: none"> <li>• Failure to prevent, or detect, security threats on a timely basis</li> </ul>	
Contract Management	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Contractor does not perform to the required standard or level from the beginning or end of the contract as the transition to the new provider has not been managed</li> <li>• The contractor does not fulfil the contract</li> <li>• The Council pays for goods, services or works that are not provided or not completed</li> <li>• The contract manager is not sufficiently objective in their relationship with the supplier</li> <li>• No arrangements to provide for continuing services needs after the termination or expiry of the contract are put in place</li> </ul>	Moderate
Welfare Assistance Scheme	Follow up assurance review to ensure that the action plan created in January 2014 has been implemented.	Moderate
Contract Register	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• The information in the contracts register is inaccurate or not up to date</li> <li>• The contract register is not available to the appropriate staff to ensure the contracted supplier is used when orders are placed</li> </ul>	Moderate
Creditor Payments	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Unauthorised or inappropriate procurement of goods/services or payments are processed</li> <li>• Incorrect payments are made or payments are not made in time</li> <li>• Non-compliance with BACS service terms and conditions</li> <li>• Performance is not properly managed and monitored.</li> <li>• Information and data are not protected from loss, damage or unauthorised disclosure, are inaccurate or held for an excessive period of time</li> </ul>	Moderate
Change Control	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Arrangements for amending systems do not conform to agreed standards</li> <li>• Program changes are not authorised and actioned in a controlled environment</li> </ul>	Moderate

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Asset Management	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• There are inadequate processes in place to ensure that all assets are identified, recorded and monitored throughout their lifecycle</li> <li>• Ineffective governance arrangements lead to a lack of accountability for and compliance with asset management policies and procedures</li> <li>• Leavers are able to leave the Council with assets and still have access to the network</li> <li>• Inadequate encryption on electronic data causing vulnerability externally</li> </ul>	Moderate
Pension Fund: Teachers Pension Fund	<p>The objective of this assurance review was to ensure that the action plan created in February 2014 to address the issues identified by External Audit, which resulted in the 2012/13 annual return being qualified, has been implemented.</p>	Limited
Pension Fund: Debt Recovery	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Difficulty or inability to take appropriate recovery action against unpaid debts</li> <li>• Invoices are raised incorrectly</li> <li>• Loss of income due to annual billing not being carried out or not being carried out in a timely manner</li> <li>• Inappropriate recovery action taken against a customer who has made payment on the account</li> <li>• Inappropriate recovery action taken against a customer who has received a refund from the council</li> <li>• Loss of income due to appropriate recovery action not being taken</li> <li>• Loss of potential income / budgetary issues created as a result of inappropriate write off</li> <li>• Loss of potential income due to ineffective processes and recovery action not being identified in a timely manner</li> </ul>	Limited