

FINAL REPORTS ISSUED IN PERIOD ENDING 31 MARCH 2015

AUDIT AREA	BRIEF DESCRIPTION OF SCOPE OF THE AUDIT	FINAL OPINION
ASSISTANT CHIEF EXECUTIVE (ACE)		
Partnership Governance Framework	Assurance review of the arrangements in place to mitigate against the risk of the partnership governance framework being ineffective.	Moderate
Transparency Agenda	Advice & consultancy review to provide assistance in verifying that DCC is complying with the requirements of Local Government Transparency Code 2014.	N/A
CHILDREN AND ADULT SERVICES (CAS)		
Think Families Programme	<p>An Assurance review to consider the effectiveness of the processes for managing the following risks:</p> <ul style="list-style-type: none"> • Families have already received funding from other programmes e.g. European Social Fund, Government's Work Programme, Early Intervention Grants. • The household composition changes during the course of the year and the Council are not aware of these changes. • Funding is not used for the purpose intended. • Targets are not achieved and subsequent funding is not obtained. • Targets are not achieved by required timescales. • Breaches in the legislation relating to the Data Protection Act. • Information is passed using non-secure methods. • The information used by the Council is not up to date and decisions are made based on this data. • Budgetary Control is ineffective. • The information submitted for the declaration is not accurate. • The deadline for submission has not been met. • The declaration has not been authorised by Internal Audit prior to it being submitted, and as such delaying the authorisation process. • Staff engagement with families is not effective. 	Substantial
School Financial Performance Management	<p>An Assurance review to consider the effectiveness of the processes for managing the following risks:</p> <ul style="list-style-type: none"> • Schools do not receive adequate support from the School Funding Team (SFT) and Educational Development Partners (EDP's). 	Substantial

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Direct Payments	<p>An Assurance review to consider the effectiveness of the processes for managing the following risks:</p> <ul style="list-style-type: none"> • Inability to support service users with Direct Payments. • Inability to provide an efficient and effective Direct Payments Service. • Inaccurate reporting of performance. • Information and data are not protected from loss, damage or unauthorised disclosure 	Moderate
Schools Organisation and Capital Programme	<p>An Assurance review to consider the effectiveness of the processes for managing the following risks:</p> <ul style="list-style-type: none"> • The number of school places available does not match local need. • Project over spend creates pressure elsewhere on the programme • Information reported to CMT, Cabinet and the DfE is inaccurate. • Work is undertaken which is not in line with the budget / timescales 	Substantial
Adaptations Service	<p>An Assurance review to consider the effectiveness of the processes for managing the following risks:</p> <ul style="list-style-type: none"> • Inability to identify and assess the needs of service users. • Inability to respond appropriately to the needs of service users and meet their assessed needs. • Inaccurate reporting of performance. • Information and data are not protected from loss, damage or unauthorised disclosure. • Staff are unaware of their responsibilities and there is an inconsistent approach resulting in the service being challenged. 	Limited

NEIGHBOURHOOD SERVICES (NS)		
Durham Crematorium	An annual assurance review of key systems in accordance with agreed SLA.	Substantial
Mountsett Crematorium	An annual assurance review of key systems in accordance with agreed SLA.	Substantial
Gala Theatre Catering and Bars	<p>To ensure that:</p> <ul style="list-style-type: none"> • The Catering and Bar facilities are delivered at a surplus. • Income is appropriately identified, collected, recorded and securely handled. • Supplies and services are appropriately ordered and maintained. 	Substantial

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Fair Trading	<p>To provide assurance on the management of the following risks:</p> <ul style="list-style-type: none"> • Agreed actions are not implemented by businesses. • Prosecuted businesses continue to trade, or trade under another name. • Persistent offending businesses are not identified. • Complaints lost / not received / not considered. • Referrals from Citizens Advice Bureau contain inadequate information. • Conduct / level of the investigations is unsatisfactory / inconsistent. • Visiting / inspection officers placed in threatening situations. • Investigation records and evidence files are inadequate. • Complaints not investigated in a timely manner. • Breaches of the Data Protection Act. • Lack of information / advice available to consumers and businesses. • Effectiveness of service is not known. • Investigations are closed prematurely. • Enforcement action is inadequate / inappropriate. • Decision to investigate or not is incorrect. • Access to IT systems by unauthorised officers. 	Moderate
Animal Health and Welfare	<p>To provide assurance on the management of the following risks:</p> <p><u>Licensing</u></p> <ul style="list-style-type: none"> • Licenses are not issued in accordance with stated legislation. • Non-payment of renewals / annual fees. • License fees and conditions set by the authority are discriminatory and unjustifiable. • Contraventions of license conditions not enforced. • Inadequate performance monitoring. <p><u>Welfare Compliance</u></p> <ul style="list-style-type: none"> • Expected outcomes from partnership working are not delivered. 	Limited

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Countryside and Parks Management	<p>To provide assurance on the management of the following risks:</p> <ul style="list-style-type: none"> • Records of land owned are incomplete. • Damage to bio-diverse habitats through neglect, pollution, crime or fire. • Breaches of countryside legislation. • Severe weather emergency. • Grant conditions are breached. • Inappropriate site working arrangements. • Reduced funding through reduced budgets and loss of grants. • Failure to identify potential grants. • Paths and boundaries become neglected, damaged or inaccessible. • Volunteers are not recruited or retained. • Volunteers are not suitably skilled or supervised. • Unsafe structures. • Inadequate drainage systems. • Dangerous trees. • Damage to adjoining properties. • Inadequate facilities are available to the public. • Lack of co-ordination with other council services. • Potential partnerships are not identified. 	Substantial

REGENERATION AND ECONOMIC DEVELOPMENT (RED)		
Strategic Transport – Integrated Transport Block	Assurance review of the arrangements in place to mitigate the risk of the objectives of the Local Transport Plan not being delivered.	Substantial
Heart of Teesdale Landscape Partnership	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> • Officers and applicants involved in the process are not aware of what is required of them. • Funding for each project is not spent in accordance with the Grant Terms and Conditions. • Projects fail to deliver on objectives. 	Substantial

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RED - Payroll	<p>Key financial system review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> • Staff are unaware of the procedures to follow and do not carry out, or incorrectly carry out tasks. • Payments are not in accordance with the authorised establishment. • Inadequate financial management within the service. • Deductions are made which are not authorised / not correct • Payments are made that have not been correctly calculated and validated following input and / or are not supported by appropriate documentation • The identity of the employee and appropriateness for the post has not been confirmed. • Information and data are not protected from loss, damage or unauthorised disclosure 	Moderate
Gypsy, Roma, Traveller Sites	Advice & consultancy review of the arrangements in place to manage income collection at Gypsy and Roma Traveller sites.	N/A

RESOURCES		
PCI Compliance – Follow Up	This was a follow up assurance review to ensure that the action plan, created following an audit in December 2013, had been implemented.	Substantial
Treasury Management	<p>Assurance review of the arrangements in place to mitigate against the risks of:-</p> <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 / Investments made are not repaid. • Investment opportunities are not taken / 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, etc. • Treasury Management targets, e.g. for budgeted investment income, are not achieved. 	Substantial

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Specifications	<p>Assurance review of the arrangements in place to mitigate against the risks of:-</p> <ul style="list-style-type: none"> • Greatest VFM solution is not selected due to alternative solutions not being examined. • Sourcing strategy is ill-considered or has a pre-determined outcome. • Specifications are not clear on what is required. • The specification limits competition. • Poor drafting of specifications. 	Substantial
School Financial Performance Management	<p>Assurance review of the arrangements in place to mitigate against the risk that schools do not receive adequate support from the School Funding Team and Educational Development partners in relation to their budgets</p>	Substantial
Bank Reconciliation	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> • Material errors / fraudulent activities within bank accounts. and / or the General Ledger are not identified and corrected in a timely manner. • Theft or misuse of Council funds and/or bank accounts. • Transaction errors made by the bank go unnoticed. • Inaccurate or misleading financial information. • Performance is not properly managed or monitored. • Reconciliations are not complete due to issues following an upgrade / enhancement to the IT system. 	Substantial
General Ledger	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> • The statement of accounts does not reflect the balance of accounts within the GL. • Transactions are incorrectly processed / recorded. • Significant errors and / or fraudulent activities are not identified. • The budget within the system does not reflect the approved budget. 	Substantial

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Budgetary Control	<p>Assurance review of the arrangements in place to mitigate against the risks of:-</p> <ul style="list-style-type: none"> • Budget targets are not communicated to budget holders. • Budgets are not broken down to an appropriate level. • Staff do not have the skills to carry out their budget monitoring responsibilities. • The accounting system does not have the appropriate functionality to enable effective monitoring of the budget. • Budgets are significantly over or under spent. • Inaccurate budgets, and or budget profiles, are set that are not realistic. • Deliberate financial misstatement to conceal irregularities and fraudulent transactions. • Financial information reported to CMT and cabinet is inaccurate. • Variances are not reported or acted upon, including those at the year-end. • Budget reports are not easily understood. 	Substantial
Pension Fund – Admitted Bodies	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> • The admission agreement does not contain all relevant information. • Staff are not aware of the process for the admission of a new contractor into the LGPS. • Admission is delayed. • New regulations are not applied to new admitted bodies. 	Moderate
Disciplinary Procedures	<p>Assurance review of the arrangements in place to mitigate against the risks of:-</p> <ul style="list-style-type: none"> • Policies and procedures are not in place / are not fit for purpose. • Breach of legislation / policies and procedures. • Information governance is not properly managed. • Inappropriate advice and guidance is provided. 	Moderate

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Elections	<p>Assurance review of the arrangements in place to mitigate against the risks of:-</p> <ul style="list-style-type: none"> • The election is not managed effectively • Staff are unaware of procedures to follow • Payments are not in accordance with the authorised staff list • The organisation does not comply with HMRC, Department for Work and Pensions and superannuation scheme requirements • Payments are not made on a timely basis • Continuity arrangements are not in place • Information and data are not protected from loss, damage or unauthorised disclosure. 	Moderate
Housing Benefit and CTR	<p>Assurance review of the arrangements in place to mitigate against the risks of:-</p> <ul style="list-style-type: none"> • Claims cannot be processed due to insufficient information. • Claimants valuables, documentation and cheques go missing. • Benefit claims are not processed promptly, are not accurate and assessments are made incorrectly. • Payments are incorrectly calculated. • Council Tax Reduction Scheme is not implemented effectively. Persons entitled to CTRS discount are not awarded the discount and persons not entitled are awarded the discount. • Inaccurate figures are submitted on the housing benefit subsidy grant form. • DHP grant is not spent in the financial year. • DHP awards are not made to the people who need them most. • DWP data is accessed inappropriately. • Benefit fraud goes undetected. • Performance is not monitored and is inaccurately reported. 	Moderate
Oracle Database	<p>Assurance review of the arrangements in place to mitigate against the risks of:-</p> <ul style="list-style-type: none"> • Unauthorised access is gained to systems, information or data. • Loss or corruption of data. 	Moderate

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Risk Management	<p>Assurance review of the arrangements in place to mitigate against the risks of:</p> <ul style="list-style-type: none">• The organisation does not comply with risk management standards and best practice.• Relevant parties are not aware of their risk management duties and responsibilities.• Potential and actual risks are not identified and addressed• The organisation's risk appetite level is not known.• Information, data and supporting documentation are not held securely.	Moderate