

**FINAL REPORTS ISSUED IN PERIOD ENDING 31 MARCH 2016**

<b>AUDIT AREA</b>	<b>BRIEF DESCRIPTION OF SCOPE OF THE AUDIT</b>	<b>FINAL OPINION</b>
-------------------	--	----------------------

<b>ASSISTANT CHIEF EXECUTIVE (ACE)</b>		
Community Grants (Governance and Payments)	Assurance review of the arrangements in place to mitigate against the risk of grants not achieving targets, objectives or expected outcomes.	Moderate

<b>CHILDREN AND ADULT SERVICES (CAS)</b>		
Ebony Woodwork Unit – Closure Audit	An assurance review that considered the following risks: <ul style="list-style-type: none"> <li>Income is not accounted for/is misappropriated</li> <li>Unauthorised payments are made</li> <li>Loss of assets</li> </ul>	Substantial
Assessment and Collection of Fees and Charges	An assurance review that considered the following risks: <ul style="list-style-type: none"> <li>Financial assessment / reassessment processes are inadequate</li> <li>Processes in place for paying providers are inadequate</li> <li>Processes in place for invoicing service users are inadequate</li> </ul>	Moderate
Aycliffe Locality Office, Residential and Secure Services	An assurance review that considered the following risks: <ul style="list-style-type: none"> <li>Income is not accounted for/is misappropriated.</li> <li>Expected income is not received.</li> <li>Unauthorised payments are made.</li> <li>Young People allowances are not made in accordance with the established procedure.</li> <li>The Secure Services shop is not operated in accordance with the established procedure.</li> </ul>	Limited
Adaptations Service Follow Up	A review that considered action taken by the Service in implementing recommendations made following the issue of a Limited Assurance opinion. On this occasion as the Service had not had sufficient opportunity to fully implement key recommendations an interim report has been prepared and further work is to be scheduled for 2016/17.	N/A
Drug and Alcohol - Data Quality	An advice and consultancy review that considered the effectiveness of arrangements in place at Lifeline for data input into POPPIE which feeds into the National Drug Treatment Monitoring System (NDTMS) following its award of the contract for the Integrated Specialist Substance Misuse Service within County Durham.	N/A
Stronger Families Programme	Advice / Support provided during claim submission window.	N/A

<b>NEIGHBOURHOOD SERVICES (NS)</b>		
Killhope Lead Mining Centre	<p>An assurance review that considered the management of the following risks:</p> <ul style="list-style-type: none"> <li>• Income is recorded or processed inaccurately</li> <li>• Admission charged at the incorrect rate</li> <li>• Cash is held or transported insecurely</li> <li>• Income is not received for group bookings/courses</li> <li>• The café franchise does not achieve VFM</li> <li>• Expenditure on goods and services is inappropriate</li> <li>• Grant funds are not spent appropriately</li> <li>• Exhibits and equipment lost or stolen</li> <li>• Stocks are insecure</li> </ul>	Moderate
Library Resource Service	<p>An assurance review that considered the management of the following risks:</p> <ul style="list-style-type: none"> <li>• Acquisition of learning resources is not in line with service and service user requirements.</li> <li>• Stock is not properly or effectively controlled and distributed.</li> <li>• Insufficient control over the disposal of obsolete or unused stock.</li> </ul>	Substantial
Locomotion	<p>An assurance review that considered the management of the following risks:</p> <ul style="list-style-type: none"> <li>• Income is recorded or processed inaccurately.</li> <li>• Cash is held or transported insecurely.</li> <li>• Unauthorised access to cash receipting system and till.</li> <li>• Stock is inadequately managed.</li> <li>• Visitor numbers provided are not accurate through error, IT failure, or manipulation.</li> </ul>	Limited
Contract Audit – Direct Services	<p>An assurance review that considered the management of the following risks:</p> <ul style="list-style-type: none"> <li>• Build does not meet specification and cost increases through unauthorised or poorly managed variations to contract</li> <li>• Delays and cost increases through unauthorised or poorly managed extensions of time</li> <li>• Over payments are made due to interim and final accounts not being verified before payment.</li> <li>• Appropriate insurance cover is not in place to mitigate losses that the Council may face.</li> </ul>	Moderate
Allotment Management	<p>An assurance review that considered action taken by the Service in implementing recommendations made following the issue of a Limited Assurance opinion. On this occasion as the Service had not had sufficient opportunity to fully implement key recommendations an interim report has been prepared and further work is to be scheduled for 2016/17.</p>	N/A
Flooding Mitigation	<p>An assurance review following a Service Self-Assessment which considered the management of the risk that the Authority is unprepared for a major flooding incident. The review was supported by reports and information provided to the Environment and Sustainable Communities Overview and Scrutiny Committee.</p>	Substantial

Fleet Management Follow Up	An assurance review that considered action taken by the Service in implementing recommendations made following the issue of a Limited Assurance opinion.	Substantial
Mountsett Crematorium	An annual assurance review of key systems in accordance with agreed SLA.	Substantial
Durham Crematorium	An annual assurance review of key systems in accordance with agreed SLA.	Substantial
Property and Building Helpdesk	An advice and consultancy review that considered the effectiveness of the arrangements currently in operation within the Property and Building Helpdesk with the aim of supporting the function to improve the quality of service being provided to its customers.	N/A
QMS	An advice and consultancy review of Quality Management System and Procedures prior to external inspections.	N/A
Stanley Indoor Bowls Centre	A review to verify compliance with the terms and conditions of the annual grant provided from Durham County Council to SIBC for the period 1st June 2014 to 31st May 2015.	N/A

<b>REGENERATION AND ECONOMIC DEVELOPMENT (RED)</b>		
Transport – Safeguarding arrangements	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Complaints are not investigated in line with the Child and Vulnerable Adults Protection Referral Procedure</li> <li>• Unsuitable people work with children and vulnerable adults</li> <li>• Contractors/drivers are unaware of what is deemed to be poor/unsafe practice</li> </ul>	Moderate

<b>RESOURCES</b>		
Treasury Management – Short Term Investments	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Non-compliance with internal policies, professional guidance, statute and regulations</li> <li>• Inappropriate investments are made or investments made are not repaid</li> <li>• Investment opportunities are not taken</li> <li>• Poor decisions are made due to a lack of appropriate technical skills</li> <li>• Targets, e.g. for budgeted investment income, are not achieved.</li> </ul>	Substantial

Bank Reconciliation	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Material errors or fraudulent activities within bank accounts and/or the general ledger are not identified and corrected in a timely manner</li> <li>• Theft or misuse of Council funds and/or bank accounts</li> <li>• Transaction errors made by the bank go unnoticed</li> <li>• Inaccurate or misleading financial information</li> <li>• Performance is not properly managed or monitored</li> <li>• Reconciliations are not complete</li> </ul>	Substantial
Pension Fund – Bank Reconciliation	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Material errors or fraudulent activities within bank accounts and/or the general ledger are not identified and corrected in a timely manner</li> <li>• Theft or misuse of pension funds and/or bank accounts</li> <li>• Transaction errors made by the bank go unnoticed</li> <li>• Inaccurate or misleading financial information</li> <li>• Performance is not properly managed or monitored</li> <li>• Reconciliations are not complete</li> </ul>	Substantial
Direct Debit Payments	<p>Assurance review of the arrangements in place to mitigate against the risk of unauthorised or fraudulent payments being made.</p>	Substantial
Member Declarations of Interest	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Legal challenge for the Council resulting from non-compliance with the Local Government Act 2000 and the Localism Act 2011</li> <li>• Fraudulent or corrupt decisions are made.</li> </ul>	Substantial
Service Direct Newco Ltd.	<p>Assurance review of the arrangements in place to mitigate against the risks of inappropriate management of the financial arrangements within Service Direct Newco Ltd.</p>	Substantial
Flexible Working Policy	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Inconsistent or illegal application/ interpretation of the flexible working policy</li> <li>• Corporate flexible working policy is abused by employees</li> </ul>	Moderate

Payroll	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Employees are unaware of the procedures to follow</li> <li>• Legislation is not known</li> <li>• Payments are not in accordance with the authorised establishment</li> <li>• New starters are not paid on a timely basis</li> <li>• Deductions are made which are not authorised / are incorrect</li> <li>• The organisation does not comply with HMRC, Department for Work and Pensions and superannuation scheme requirements</li> <li>• Deductions are not paid over to the relevant organisation in full and in a timely manner</li> <li>• Payments are made that have not been correctly calculated and validated following input and / or are not supported by appropriate documentation</li> <li>• Ex-employees continue to receive payment</li> <li>• Salary payments are not made</li> <li>• Incorrect / invalid financial data recorded in the General Ledger</li> <li>• Information and data are not protected from loss, damage or unauthorised disclosure</li> </ul>	Moderate
Payroll - PAYE	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• Incorrect or late payment of Income Tax and National Insurance Contributions (NIC) to HMRC</li> <li>• Inadequate information produced regarding tax/NI deductions</li> <li>• The payroll system is not compliant with HMRC Real Time Information requirements</li> </ul>	Moderate
ICT Business Continuity Planning	<p>Assurance review of the arrangements in place to mitigate against the risks of;</p> <ul style="list-style-type: none"> <li>• The critical activities, resources and recovery priorities have not been identified so that the authority is unable to provide critical services in the event of a major disruption to the Authority.</li> <li>• The Authority is unable to recover business processes and procedures within required time.</li> <li>• Employees are unable to respond effectively to an incident or disruption.</li> <li>• The Authority is unable to achieve its key business objectives.</li> <li>• The ICT Business Continuity Plan is ineffective.</li> <li>• The Authority fails to review and update systems, policies, strategies and plans</li> </ul>	Moderate

Pension Fund – Debt Recovery	The objective of this assurance review was to ensure that the action plan created in November 2014, following a previous audit of this area, had been implemented	Moderate
Internet Security	Assurance review of the arrangements in place to mitigate against the risks of; <ul style="list-style-type: none"> <li>• Information assets / data are not adequately protected from corruption, loss, or theft</li> <li>• Equipment / software become obsolete and are no longer supported</li> <li>• Remote access is not secure</li> <li>• Sensitive data is accessed by unauthorised persons</li> <li>• Access to the network from non DCC equipment, e.g. via Bring Your Own Device (BYOD), has not been set up securely</li> </ul>	Moderate
Welfare Rights Reporting System	Assurance review of the arrangements in place to mitigate against the risk of inaccurate or non-provision of performance reports and management information.	Moderate
Trading Arrangements (Service Direct Newco Ltd.)	Assurance review of the arrangements in place to mitigate against the risk of income and expenditure not being identified or allocated incorrectly leading to a breach of trading powers.	Limited
Subsistence Review	Counter Fraud review to identify potential fraudulent or invalid subsistence claims.	N/A
Teaching Assistants	Advice and consultancy review to verify the data to be issued by letter to Teaching Assistants.	N/A
Section 256	Certification of the section 256 grant claim.	N/A
Digital Durham	Certification of the Digital Durham grant claim.	N/A