

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

20 September 2022

Report of the Assistant Director of Finance (Audit)

Audit Services Unit – Progress Against Audit Plan 2022-23

1. Purpose

- 1.1 To inform Members of the progress against the approved Audit Services Plan for 2022-23 as at 31 July 2022.

2. Information and Analysis

- 2.1 At the meeting of this Committee held on 22 March 2022, Members approved the Audit Services Plan for 2022-23. The Plan was formulated from a risk assessment drawn from a wide range of sources including the Council Plan, the Council's strategic risk register, Departmental risk registers, service plans and meetings with Executive Directors and Directors.
- 2.2 In accordance with the Audit Committee's Terms of Reference this report updates Members on progress against the Plan for the four months to 31 July 2022 and represents work undertaken during that period, which is detailed in the progress report. An analysis of the progress with the Unit's Key Performance Indicators (KPIs) are also included in the progress report.
- 2.3 In common with previous years, some work forming part of last year's approved Audit Services Plan (2021-22) was completed and reported in the current year. Audit staff routinely follow up progress against agreed recommendations as part of subsequent work, in the area under review.

Operational Matters

- 2.4 It is positive to be able to report that whilst the impact of the Covid-19 pandemic has affected working arrangements across the Council, the start of 2022-23 has seen an increase in the number of staff returning to offices with more face-to-face and hybrid meetings taking place. Audit Services has been able to undertake more aspects of reviews in-person with site visits and school audits able to resume. This, together with the more stable Audit staffing structure has enabled an improvement in the shortfall in productive days delivered when compared to September 2021 Progress Report (2021-22 – 86.6% and 2022-23 - 95.4%).
- 2.5 As in previous years, Audit staff have been working with Departments and senior management to agree the scheduling of audit assignments to minimise the impact as much as possible, whilst enabling the approved Plan to be delivered. Operational and staffing challenges within the Council's ICT Service have meant that a number of the reviews identified within the corporate function (Network and Database reviews etc.) will need to be scheduled within the second half of the year. As a number of these audits were not delivered within the 2021-22 Plan, it is essential that these key reviews are delivered, especially given the reliance placed on the ICT network to deliver key services. A meeting has been arranged with the interim Assistant Director of ICT to discuss this further and take steps so that necessary assurance work can be completed.

Audit Resources

- 2.7 Overall, the Unit's staff structure remains in a positive position that will be invaluable as we look forward to delivering the 2022-23 Plan, further embed risk-based auditing across the Unit and contribute to the wider governance framework. With the exception of maternity leave, the unit was scheduled to be fully staffed with a new Principal Auditor starting on 25 April 2022, although the following staffing changes have occurred since this point:
- At the risk of losing an experienced Principal Auditor from the Council, a formal request for the officer to reduce their working week from five days to three days was agreed.
 - At the point of drafting this Report, a Senior Auditor intends to leave and take up a new position with another local authority.
 - The Audit apprentice has successfully completed their Internal Audit Practitioner apprenticeship and will take up their new role as an Auditor at the beginning of September.

Audit Days

2.8 At 31 July 2022, a total of 882 productive days have been delivered against the pro-rata target of 924 days (total planned days for 2022-23 is 2,772).

3. Consultation

3.1 No consultation is required.

4. Alternative Options Considered

4.1 N/A. Article 11 of the Council's Constitution requires the Audit Committee to monitor progress against the Annual Audit Plan.

5. Implications

5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

6.1 Electronic files and Audit working papers held by Audit Services, Finance & ICT Services, County Hall Complex.

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Audit Services Progress Report up to 31 July 2022.

8. Recommendation

8.1 That Audit Committee are asked to note the performance of the Audit Services Unit during this period.

9. Reasons for Recommendation(s)

9.1 To note that the Council is complying with the requirements of the Council's Constitution.

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Implications

Financial

1.1 None.

Legal

2.1 The Council has a duty to maintain an adequate and effective system of internal audit of its accounting records and system of internal control.

2.2 Audit Services discharges the Council's statutory responsibilities under Regulation 5 of the Accounts & Audit Regulations 2015 and fulfils significant aspects of the Director of Finance & ICT's statutory duties under Section 151 of the Local Government Act 1972.

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 The work of Audit staff supports the 2021-25 Council Plan key actions for high performing, value for money and resident focused services, by independently assessing Council services and activities.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.