

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE MEETING

23 July 2019

Report of the Assistant Director of Finance (Audit)

ANNUAL AUDIT REPORT 2018-19

1. Purpose of Report

To inform Members of the work undertaken by the Audit Services Unit for the financial year 2018-19 and to update Members on the overall performance against the Audit Plan.

2. Information & Analysis

The Audit Services Unit discharges the Council's statutory responsibilities under Regulation 5 of the Accounts & Audit Regulations 2015, and significant aspects of the Director of Finance & ICT's statutory duties under Section 151 of the Local Government Act 1972. The Unit also works with the Council's appointed auditors Mazars in accordance with the External and Internal Audit Protocol which was reported to the Audit Committee on 27 March 2019.

The role and responsibilities of the Unit are further clarified and reinforced in the Council's Financial Regulations and Standing Orders relating to Contracts, Anti-Fraud and Anti-Corruption Strategy, Fraud Response Plan and the requirements of the Confidential Reporting Code. The Council has approved an Audit Charter in compliance with the Public Sector Internal Audit Standards (PSIAS).

The Annual Audit Report contains:-

- an analysis of planned and actual audit activity for 2018-19,
- an analysis of reports issued, assurance levels and recommendations made and agreed,
- productivity statistics,
- areas of good practice identified and areas for improvement,
- client satisfaction indicators for the Unit,
- the Assistant Director of Finance (Audit)'s formal controls assurance statement and opinion which contributes to the Council's Annual Governance Statement.

The PSIAS requires that the "chief audit executive (Assistant Director of Finance (Audit)) must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.”

The Opinion is as follows:

“I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the Council’s internal control framework.

In my opinion whilst some critical/high priority recommendations have been made to address potentially significant or serious weaknesses and/or evidence of a level of non-compliance with some controls identified, the Council’s framework of governance, risk management and control is basically sound. Audit Services’ staff have worked with Senior Management to agree appropriate corrective actions and a timescale for improvement which are incorporated into relevant action plans. Should these weaknesses remain unaddressed they may result in continued, significant control failure which in turn could increase reputational risk, potential for financial loss and/or incur financial penalty.

As of this date I am satisfied that there are no matters which would cause the External Auditor to consider any qualification of his certification of the Council’s Statement of Accounts”.

3. Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

4. Background Papers

A file held by the Assistant Director of Finance (Audit).

5. Officer’s Recommendation

That the Committee:-

- considers the detailed Annual Audit Report for 2018-19; and
- notes the overall quality of the performance of the Audit Services Unit during the period.

**Carl Hardman
Assistant Director of Finance (Audit)**