

DERBYSHIRE COUNTY COUNCIL
AUDIT SERVICES ANNUAL REPORT
2018-19



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Assistant Director of Finance (Audit)



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The Mission of Audit Services

Audit Services aspires to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.

Purpose of the Annual Report

The Annual Report provides Members with the outcome of Audit activity relating to the County Council's operations throughout the financial year. The Report highlights the achievement of the 2018-19 Plan, which was approved by the Audit Committee on 28 March 2018, key issues identified within the year and actions arising from our work.

The Public Sector Internal Audit Standards (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.'

Principle 1 of the recently revised statement on the Role of the Head of Internal Audit issued by the Chartered Institute of Public Finance and Accountancy (Cipfa) as a best practice requirement states *'The annual HIA opinion is the most important output from the HIA and is one of the main sources of objective assurance that chief executives and the leadership team have for their annual governance statement'*. The Council produces an Annual Governance Statement as part of its Statement of Accounts.

Audit Services' Memoranda and Reports are issued throughout the year on completion of Audit work and addressed to responsible Senior Managers including, as appropriate, Strategic Directors¹ and Directors in accordance with the requirements of the PSIAS. Follow up actions taken to implement our recommendations are routinely monitored as part of on-going Audit work.

¹ On 15 May 2019 Council approved changes in the titles of the four Strategic Directors to Executive Directors. As the title of Strategic Director was operative during 2018-19 this terminology will be used throughout this Report for consistency.

Executive Summary

The Unit has established practices to formulate the Audit Plan and inform our risk assessment which is drawn from a wide range of sources including the Council Plan, Strategic and Departmental risk registers, service plans and other information, which are illustrated in the chart below. The Plan is discussed and agreed by key stakeholders including individual Strategic Directors and Directors, Head of Paid Service, Section 151 Officer, Monitoring Officer and provided to the Council's External Auditor prior to submission to, and approval by the Audit Committee.



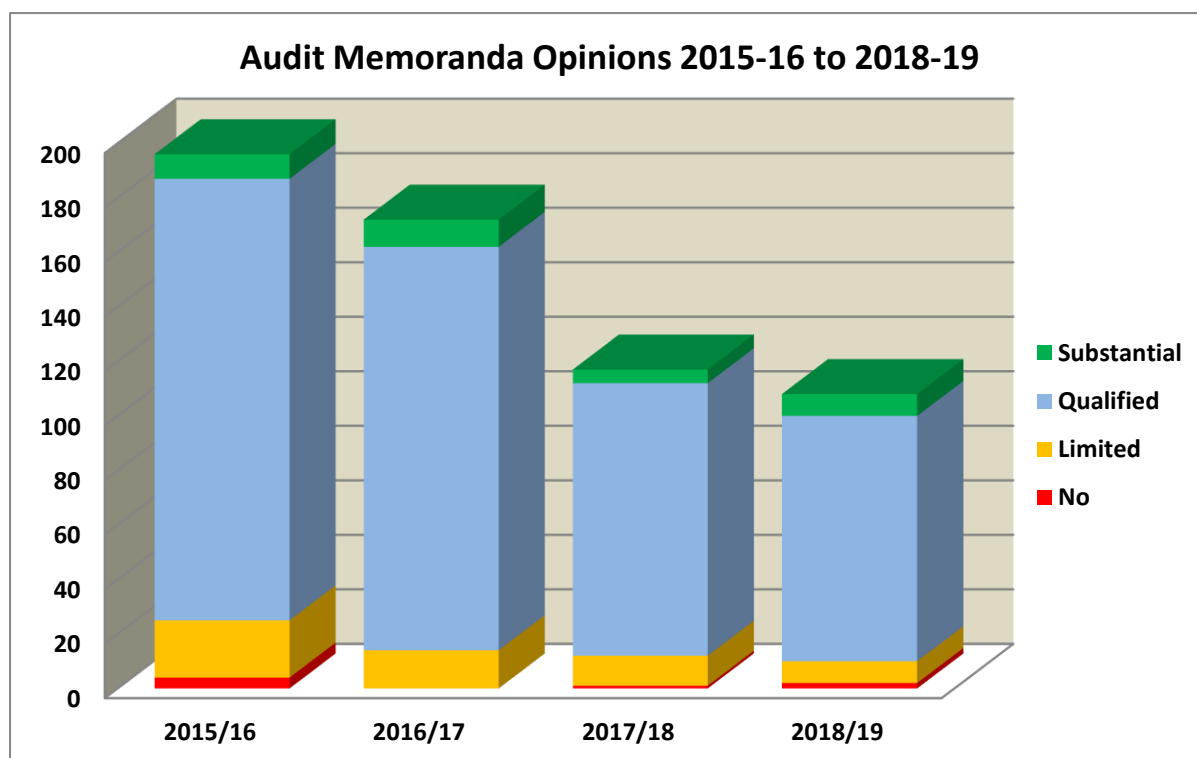
The Audit Services Unit forms part of the Commissioning, Communities and Policy Department and the Assistant Director of Finance (Audit) has direct access to all Members, all levels of Management and employees of the Council. The Assistant Director of Finance (Audit) meets regularly with the Corporate Management Team and individual Strategic Directors to discuss progress against the Plan and any emerging issues. The Plan is subject to on-going review and is flexed to meet changing risks with regular updates of Audit activity reported to the Audit Committee.

Our work contributes to the Authority's ambition to be an efficient and high performing council delivering high quality value for money services. We support Management in formulating and implementing robust governance, risk management and control systems and ensuring on-going compliance. As part of this Audit staff continue to undertake IT security and data protection

assessments of external suppliers' systems, procedures, network security and operational controls.

In addition to our programme of Audits the Unit assists Management with the provision of on-going support, advice, attendance at various meetings including those with Departmental staff, project boards, governors and school based staff. This level of engagement is necessary to promote the principles of good governance and the necessity for robust controls. Audit Services continues to disseminate intelligence received from the National Anti-Fraud Network (NAFN) and other sources to Members, Strategic Directors and Directors in order to ensure that the Council is aware of known fraud risks. The Unit acts as the central coordinator for data matches received from the Cabinet Office in respect of the National Fraud Initiative ensuring that matches are investigated, with the assistance of the Council's Departments and other participants as appropriate. The Unit also produces the 'Audit Matters' newsletter targeted at schools.

Detailed analysis of Audit work is given at **Appendix 1** to this Report and key results for the Unit are shown at pages 17 to 24. Detailed responses to questionnaires are provided at **Appendix 2** and a summary of Reports/Memoranda issued throughout the year is included at **Appendix 3**. 108 Memoranda were issued during 2018-19 containing an Audit Opinion of which 98 (91%) achieved "qualified assurance" or above; two Memoranda were issued with an opinion of "no assurance". The following graph summarizes Audit Opinions resulting from Audit work undertaken in the past four years:-



In total 95% of Audit recommendations made were accepted by Management which demonstrates a commitment to improvement. However, it is essential

that agreed recommendations are promptly implemented to improve overall governance, control and reduce the level of risk.

Examples of Good Practice and Opportunities for Improvement Identified During the Year

Each Memorandum produced reflects areas of good practice identified by the Audit Services' review and includes a prioritized Action Plan detailing recommendations for improvements. The following are examples of those areas of good practice and improvements identified from our work:-

Good Practice Identified

- **An Enterprising Council Strategy** and approach has been designed to ensure services meet the needs of users and utilise the best delivery vehicle in each circumstance. This articulates the Council's ambitions and sets out key drivers. An Enterprising Council Board and six work streams have been established. Whilst this initiative offers opportunities to review the way in which services are delivered it is essential that robust governance and control arrangements are put in place to safeguard the Council and its Members and staff.
- **Financial Regulations and Standing Orders relating to Contracts and the Constitution** were subject to detailed review and revision during the year. These documents form an important part of the Council's governance and regulatory framework and Audit Services were involved in the revisions, particularly those relating to Financial Regulations and Standing Orders relating to Contracts which were approved by Council on 6 February 2019; revisions to the Constitution were approved on 15 May 2019. The revisions support the Enterprising Council approach. Audit Services will continue to check compliance with these requirements and other components of the Council's governance and regulatory framework as part of ongoing reviews.
- **Information Security** and data breaches are so common that only major incidents are now being reported in the national press but such high profile failures e.g. British Airways' data breach bring significant financial penalties and reputational damage. Whilst no organisation can fully secure all IT equipment and data, the Council maintains a core information security structure. Discussions with other local authorities have highlighted additional steps taken by the Council to be more transparent regarding security incidents and challenge third party suppliers' information security.
- **Core Financial Systems** are well established across the Council with clear objectives approved by Senior Management. The Council's various finance staff provide a reliable service across a range of activities including accounts payable, payroll, financial accounting and debt management.

Experienced staff ensure that routine tasks are consistently undertaken in order that salaries are paid on time, suppliers are reimbursed promptly, debts are effectively managed and the Statement of Accounts meets statutory deadlines.

Opportunities for Improvement Identified and Key Risks

- **Embedding Good Governance** is a continual process which requires on-going commitment and support across the Council to ensure that effective control frameworks are in operation and the Authority can demonstrate transparency in its actions. There are opportunities to strengthen existing arrangements and, in particular, to raise the profile of and reinvigorate the Governance Group. The Group should include broader Departmental representation to raise awareness, promote good governance principles and ensure that the Council considers and responds effectively to governance matters.
- **Cyber Security and Organised Crime** risks are likely to continue to grow in significance to public authorities, with a potential impact on Council services from low level anti-social behaviour to larger scale theft of assets and the risk of a cyber-attack. Whilst elements of the Council's operations to protect its information have been commended, the ongoing level of risk ultimately means that the likelihood of a major incident in the next few years remains high *'Serious and organised crime (SOC) affects more UK citizens, more often, than any other national security threat. It has a daily impact on citizens, public services, businesses, institutions, national reputation and infrastructure. SOC is estimated to cost the UK economy at least £37 billion a year, with this cost increasing year on year. This figure is highly likely to be a significant underestimate, particularly in relation to areas such as fraud.'* National Crime Agency - National Strategic Assessment of Serious and Organised Crime (2019)
- **Financial Resilience** presents major challenges for local government as austerity continues with a 49.1% real terms reduction in central government funding from 2010-11 to 2017-18. The National Audit Office report *'Financial sustainability of local authorities 2018'* notes that local authorities have consistently overspent their budgets, which has resulted in a greater use of reserves, additional savings having to be achieved and extra income needing to be generated. The past year saw the first financially failing councils with Northamptonshire County Council issuing a Section 114 notice, East Sussex County Council only providing statutory services and auditors issuing warnings on the financial management of Lancashire County and Birmingham City Councils.
- **Climate Change** is an area of risk which is likely to increase in importance over the next few years and could have a significant impact on the Council and its services. These effects could be quite diverse and range from a

rise in food prices due to crop failures, to the unavailability of essential materials/components as witnessed by the shortage of hard drives caused by the severe floods in Thailand during 2011. The Council has a number of environmental initiatives and programmes in place, including the recent Derbyshire Climate and Carbon Reduction Manifesto. These will need to be monitored and reviewed in light of the new wave of climate change awareness, along with arrangements to minimize supply chain failure and ensure effective business continuity arrangements are in place.

- **Property Valuations** were identified as an area of concern by the External Auditor whilst undertaking work on the Authority's Statement of Accounts for 2016-17 necessitating further input from Audit Services. These processes were subject to close monitoring during subsequent years including scrutiny by the Audit Committee. It is essential that Management ensure that going forward this key area of work is subject to effective, embedded controls.

Staffing of the Audit Services Unit

In 2018-19 the Unit delivered 389 productive days less than the approved Audit Plan due to higher than anticipated levels of sickness and the impact of vacant posts, although a number of staff delivered productive days in excess of their individual target. The impact of the reduction in resources was initially reported to the Audit Committee on 14 February 2018. Members have received regular updates since that time regarding available resources as part of reports detailing progress against the Plan. Unfortunately the Unit continues to operate with reduced levels of staffing resources which places increased pressures on existing staff, although some progress has been made recently to address this.

Certain assumptions have been made in forecasting resources available to deliver the approved Audit Plan for the current year. The staffing situation remains challenging and if these assumptions are not met then the Unit will have reduced resources available to meet the Audit Plan. Although this situation is being closely monitored and action taken to minimize the effect of reduced resources, this is unsustainable in the longer term.

The Unit is committed to providing a full range of Audit services using in-house staff. These services include the specialist areas of investigative, information security, computer forensic and IT Audit work. The last external review of Audit Services' adequacy and effectiveness and our compliance with the Cipfa Code of Practice and the PSIAS was undertaken by PricewaterhouseCoopers (PwC) and reported to the Audit Committee in March 2014. At that time PwC commented that the *'team is very hard working and committed. The Team has a good mix of skills, experience and qualifications.'* With the increasing demands placed on the Unit to provide Members and Senior Management with an assurance that appropriate governance arrangements and controls are in place and offer related advice and insight, it is essential that the current skills

base is maintained. Current data protection requirements bring the increased threat of significant financial penalties in the event of a data breach, an area where the Unit works hard with colleagues to mitigate such risks.

Feedback received relating to 2018-19 shows that overall 82.6% of respondents to our questionnaires rated the service as good or very good (97.1% for 2017-18) which reinforces the positive value of Audit Services. The questionnaire response rates for 2018-19 and 2017-18 were 23% and 26% respectively.

Audit Opinion Extract

My opinion is that 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.

In formulating my opinion I have assessed the:-

- Audit Services Memoranda and Reports completed during the year;
- the results of follow up work to ensure the effective implementation of recommendations in respect of previous years' internal audit work;
- the results of work of other review bodies where appropriate;
- Management's response to findings and recommendations;
- the extent of resources available to deliver the internal audit work, which were less than those required to achieve the approved Audit Plan, and the actual work completed;
- the quality and performance of Audit Services and the extent of compliance with the PSIAS;
- the proportion of the Council's audit need that has been covered within the period.

Statement by the Head of Audit Services and Audit Opinion

The Council acknowledges its responsibility for ensuring that an effective system of internal control is maintained and operated in respect of the resources under its control. The Head of Audit Services is required by the PSIAS to produce an internal audit opinion and report on the Council's framework of governance, risk management and control which will inform the Annual Governance Statement.

The system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorized and properly recorded, and that material errors or irregularities are either prevented or should be detected within a timely period.

In the Three Lines of Defence model, Management control is the first line of defence in risk management, the various risk control and compliance oversight functions established by Management are the second line of defence and independent assurance is the third. Each of these three "lines" plays a distinct role within the Council's wider governance framework.



source: <https://www.iaa.org.uk/threelines>

The system of internal control is based upon a framework which embraces regular management information, Financial Regulations and Standing Orders relating to Contracts, administrative procedures (including segregation of duties), Management supervision and a structure of delegation and accountability. Managers within the Council undertake development and maintenance of the system. In particular, the system includes:-

- comprehensive budgeting systems;
- the preparation and regular review of periodic and annual financial reports which indicate financial performance against the forecasts;

- setting targets to measure financial and other performance;
- clearly defined capital expenditure guidelines;
- as appropriate, formal project management disciplines;
- clearly defined and adequately documented, approved procedural and operational guidance.

The Council's Audit Services is an assurance function which operates in accordance with the Audit Charter and provides an independent and objective opinion to the Council on its framework of governance, risk management and control. This framework is subject to regular review by the Unit who, through a structured plan of operational and financial reviews, provide Management with assistance, advice and insight on systems, processes and risks and through this work form a view on the strength of individual aspects of control and the overall control environment.

Audit work encompasses both operational systems and those in development and through this work Audit Services:-

- assist in formulating, promoting and maintaining sound governance arrangements;
- facilitate good practice in managing risks;
- contribute to ensuring sound resource management;
- recommend improvements in control, performance and productivity;
- provide reassurance and challenge to Managers;
- encourage development of consistent policies and high standards;
- ensure the impartial investigation of irregularities and policy breaches;
- support the achievement of statutory and best practice requirements.

Audit Services operates in compliance with the requirements of the Accounts and Audit Regulations 2015. This requires that the Council '*must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.*' These Regulations also require full assistance from officers and Members in the provision of access to documents and records and the supply of information and explanations to enable the proper fulfilment of those Audit responsibilities.

The Unit's work conforms with the requirements of the PSIAS and the findings of the independent PwC review which were reported to the Audit Committee on 25 March 2014 confirmed that '*we found evidence that the AS (Audit Services) service has put in place appropriate measures to comply with the CIPFA Code of Practice and PSIAS*'. At that time PwC, as part of their work, identified some areas for consideration/potential improvement which they termed '*not significant issues*'. These action points were considered and the majority embedded within Audit Services' working methodologies. Additionally the Unit complies with the policies, procedures, rules and regulations established by the

Council. In accordance with the requirements of the PSIAS it is planned that an external assessment of the Unit's conformance with these Standards will take place during the current year; such assessments must be conducted at least once every five years.

The Unit has an Internal Audit Strategy which was reported to the Audit Committee on 27 February 2019 and sets out how Audit Services will be delivered and developed in accordance with the Audit Charter which is supported by an annual plan of areas to be examined. This is based upon an assessment of risks and a determination of critical areas for opinion and assurance purposes. The Audit Plan, which is approved by Audit Committee, is reported to Cabinet and Council and is managed throughout the year to ensure delivery of all key aspects of work. Where External Audit intends to rely on Audit Services' work aspects of that work will be subject to their review.

The Unit has a Quality Assurance and Improvement Programme (QAIP) which was reported to Members on 22 November 2017 and covers all aspects of internal audit activity. This includes arrangements for internal quality assurance including on-going supervision and monitoring of Audit work, performance management and conducting external quality assurance assessments. I can confirm that those detailed arrangements relating to internal quality assurance have been met throughout the year.

The Director of Finance & ICT is the nominated Section 151 Officer and also has line management responsibility for the Head of Audit Services. The Head of Audit Services has direct access to the Audit Committee, Head of Paid Service, other Strategic Directors, Monitoring Officer and other Directors and has well established reporting lines to Members. The Council's Constitution gives the Audit Committee overall responsibility for Internal and External Audit and sets out the role and responsibilities of the Head of Audit Services. Audit Services produce Annual Reports to the Audit Committee outlining future, planned work and reporting on delivery of the Audit outcomes. The Annual Report includes an opinion on the level of assurance which can be drawn from the work undertaken.

The assessment of the adequacy of the control environment rests upon the work of Managers within the Council. It is informed by the work of Audit Services as described above and also by the work of External Audit as communicated in their annual audit letter and other reports.

During the year Audit Services have reviewed all key systems and elements of their interfaces, both centrally and as part of Departmental, establishment and other reviews. Our work has led to the production of Memoranda, addressed to Senior Management, each of which includes an Audit Opinion and Assurance Statement. Audit Opinions are categorized and based on the level of assurance which Management may draw on the adequacy and effectiveness of the internal

control framework in operation in the area under review based on Audit's work. These assurance levels are detailed later in this Report at page 18.

The Unit has produced 34 Memoranda during the year following reviews which cover Corporate Governance, Departmental Audits, Major Systems, Corporate and Departmental projects and key areas of probity and compliance. Of these areas 25 were assessed as "qualified assurance" with 4 exceeding that level of assurance which is broadly comparable with the performance achieved in the previous year. Work regarding property valuations was again categorized as "no assurance". We have, throughout our work, identified key recommendations which, when implemented, should significantly improve the control environment and the consequent level of assurance which Management may draw from our work. In addition, in a significant number of areas reviewed Management had failed to fully implement previously agreed Audit recommendations.

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.'

In giving this opinion, based on Audit work completed during 2018-19, it should be noted that assurance can never be absolute and therefore only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. I have based my opinion on:-

- Audit Services Memoranda and Reports completed during the year;
- the results of follow up work to ensure the effective implementation of recommendations in respect of previous years' internal audit work;
- the results of work of other review bodies where appropriate;
- Management's response to findings and recommendations;
- the extent of resources available to deliver the internal audit work, which were less than those required to achieve the approved Audit Plan, and the actual work completed;
- the quality and performance of Audit Services and the extent of compliance with the PSIAS;
- the proportion of the Council's audit need that has been covered within the period.

No limitations have been placed on the scope of Audit Services during the year.

Opinion

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.

C. HARDMAN

Assistant Director of Finance (Audit)

July 2019

Legislative/Regulatory Basis of Operation

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 agreed 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 an approved Audit Charter in compliance with the requirements of the PSIAS, revisions to which were last reported to the Audit Committee on 26 September 2018.

The PSIAS define the nature of internal auditing within the UK public sector, set basic principles for carrying out internal audit, establish a framework for providing internal audit services and set out the basis for the evaluation of internal audit performance.

The PSIAS requires that external assessments of internal audit *'must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation'*. PwC undertook an independent review, on behalf of the Council, of the adequacy and effectiveness of Audit Services and compliance with the CIPFA Code of Practice and the PSIAS. The findings of the PwC review were reported to the Audit Committee on 25th March 2014 and confirmed that *'we found evidence that the AS (Audit Services) service has put in place appropriate measures to comply with the CIPFA Code of Practice and PSIAS'*. PwC as part of their work identified some areas for consideration/potential improvement which they termed *'not significant issues'* and an action plan was produced to identify any improvements considered necessary. The majority of these action points are now embedded within Audit Services' working methodologies.

During the current year the Unit will deploy resources to prepare for its next external assessment as required by the PSIAS.

In addition, the Director of Finance & ICT has carried out a review of the effectiveness of the system of internal control, including the Unit's self assessment against the requirements of the PSIAS, which concluded that he was *'satisfied that Audit Services achieved adherence to the standards set out in the PSIAS, and that this provides a sound basis from which the Council rely on the assurances provided by Audit Services in respect of the effectiveness of the internal control system.'*

On-going monitoring of the performance and quality control of the work of Audit Services is achieved through day to day supervision, review and measurement of internal audit activity in accordance with practices established by the Assistant Director of Finance (Audit) and contained in the Audit Services Manual and QAIP.

Key Results for Audit Services – 2018-19

a). Performance (see Appendix 1)

	Days
Approved Audit Plan	2,523
Actual Productive Days	<u>2,134</u>
Shortfall in Productive Days Delivered	<u>389</u>

b). Analysis of Audit Assurance Levels

We provide an opinion giving the level of assurance which Management may draw from the adequacy and effectiveness of the overall control framework in operation in the area subject to Audit based on the results of that work. These levels of assurance are detailed in our Audit Opinion and a summary of Audit assurance levels across all areas of activity is detailed below based on our work for 2018-19 and compared with the previous year.

Audit Area	Level of Assurance							
	Substantial		Qualified		Limited		No Assurance	
	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19
Corporate Activities	-	-	3	5	1	-	-	-
Commissioning, Communities and Policy	2	3	13	17	-	3	1	1
Children's Services (excluding schools)	-	1	8	7	2	-	-	-
Schools	2	2	58	38	5	3	-	1
Adult Care	-	2	16	18	2	1	-	-
Economy, Transport and Environment	1	-	2	5	1	1	-	-
Total	5	8	100	90	11	8	1	2

108 Memoranda incorporating an assurance level were issued in 2018-19 (117 – 2017-18) of which 91% had “qualified assurance” or above (90% 2017-18). This included 34 Memoranda following reviews which cover Corporate Governance, Departmental Audits, major systems, Corporate and Departmental projects and key areas of probity and compliance. 25 of these areas were assessed as “qualified assurance” with 4 exceeding that level of assurance which is broadly comparable with the previous year. One area was again categorized as “no assurance” relating to property valuations.

Further information on assurance levels is given on the following page.

Level of Assurance	Explanation and significance
Substantial Assurance	Whilst there is a sound system of control minor weaknesses have been identified which include non-compliance with some control processes. No significant risks to the system/audit area objectives have been detected.
Qualified Assurance	Whilst there is basically a sound system of control some 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 which may put system/audit area objectives at risk. Should these weaknesses remain unaddressed they may expose the Council to reputational risk or significant control failure.
Limited Assurance	Significant weaknesses and/or non-compliance have been identified in key areas of the control system which expose the system/audit area to a high risk of failure and the Council to significant reputational risk.
No Assurance	Control has been judged to be inadequate as systems weaknesses have been identified in numerous key areas rendering the overall system of internal control ineffective and leaving the system/audit area open to a significant risk of error, loss, misappropriation or abuse.

c). Analysis of Audit Recommendations Made

A key objective of our work is to support Management by producing recommendations based on our findings. If implemented these recommendations will improve governance and risk management arrangements, the effectiveness, efficiency and adequacy of the internal control framework and address any perceived weaknesses identified by the Audit review. These recommendations are discussed with appropriate Management, prioritized and incorporated into an Action Plan. A summary of the recommendations made by Audit Services for 2018-19 and the previous year across all areas of activity, excluding investigations, is given on the following page. The table also includes the number and percentage of recommendations which have been accepted or rejected by Management.

Category of Recommendation	No of Recs Made		No of Recs Accepted		% Accepted		No of Recs Not Accepted		% Not Accepted	
	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19	17-18	18-19
Critical	4	6	4	6	100	100	0	0	0	0
High	654	366	628	350	96	96	26	16	4	4
Medium	987	601	934	562	95	94	53	39	5	6
Low	591	425	562	404	95	95	29	21	5	5
Total	2,236	1,398	2,128	1,322	95	95	108	76	5	5

All accepted recommendations should be implemented within the timescale agreed between Management and Audit Services. These recommendations are then detailed in associated Action Plans issued on the completion of each project and are formally reviewed at the next Audit visit. The table below analyses those recommendations identified as having not been implemented.

Department	Critical	High	Medium	Low
Corporate Activities	-	2	2	1
Commissioning, Communities and Policy	1	30	24	12
Children's Services (excluding schools)	-	11	16	6
Schools	-	129	139	31
Adult Care	-	13	23	10
Economy, Transport and Environment	-	4	8	-
Total	1	189	212	60

Whilst it is noted that a high level of recommendations made are agreed by Management, it is imperative that those agreed recommendations are promptly implemented in order to improve the overall governance and control environment and reduce the level of risk. The above analysis shows that 65% of recommendations not implemented relate to schools; in the previous year this figure was 71%.

During the current year the Unit has implemented processes using the Council's Electronic Document Retention Management (EDRM) system to distribute Audit Memoranda which do not relate to school and establishment reviews. This will allow secure, electronic transmission of Audit Memoranda and return of associated, completed Action Plans. It will also allow Departments to build up an accessible, electronic store of Audit Memoranda.

The Unit has also developed MKinsight, its established software support system, to facilitate recommendation tracking which will be implemented during the current year and allow regular reminders and follow up of outstanding Audit recommendations.

Further information on Audit recommendations and priority levels attached to them is given overleaf.

Category	Explanation and significance
Critical	Significant strategic, financial or reputational risks where immediate remedial action is considered essential.
High	The absence of, significant weakness in, or inadequate internal controls over the operation of key systems or processes which compromise the integrity/probity of the client's operations. These would result in a potential, significant increase in the level of risk exposure which may be financial, reputational or take the form of an increased risk of litigation.
Medium	Findings which identify poor working practices or non-compliance with established systems or procedures which result in increased risk of loss/inefficient operation and which expose the client to an increased level of risk.
Low	General housekeeping issues which require consideration and a planned implementation date within the medium term.

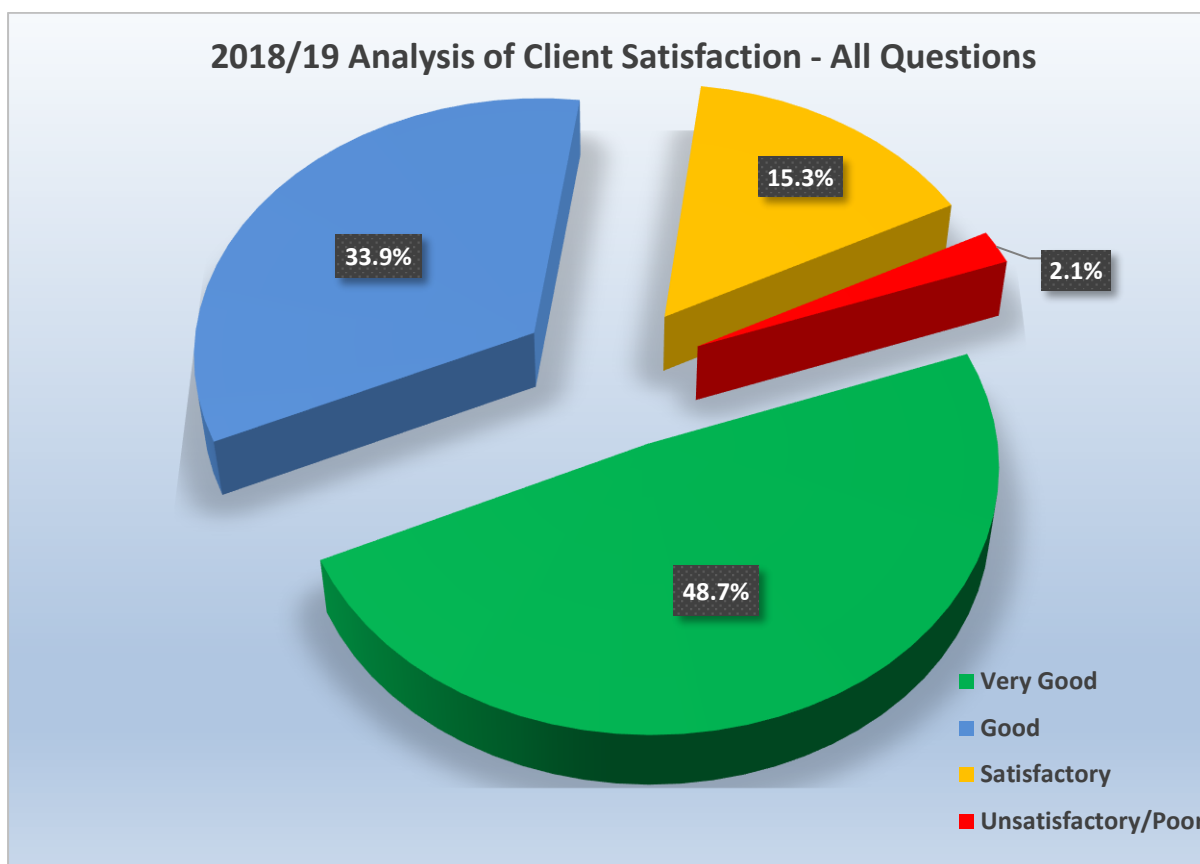
d). Client Satisfaction

Questionnaires are issued to our clients on completion of Audit work. These questionnaires allow Audit Services to gather valuable information to enable us to monitor and improve our service. The questionnaire seeks auditees' views on the following key aspects of service provision:-

- Preparation for and administration of the Audit process;
- Professionalism and relevance of the Audit product;
- Overall perception of value added and assurance provided by the Audit outcome.

Questionnaires are issued to auditees on completion of Audit work which allow Audit Services to gather information to enable us to improve our service. An analysis of client satisfaction for 2018-19 across all questions raised is given below.

Overall Summary of Questionnaire Responses



Detailed responses received from these questionnaires for the last six years are set out at **Appendix 2** and provide an independent assurance that clients value the service being delivered and the Audit product. Based on these responses it is reassuring to note that the vast majority of respondents rate the service as good or very good, and that overall the high level of client satisfaction is being maintained.

Questionnaires were issued to all Strategic Directors and Directors as key stakeholders to obtain their feedback on the Audit service. All responses received:-

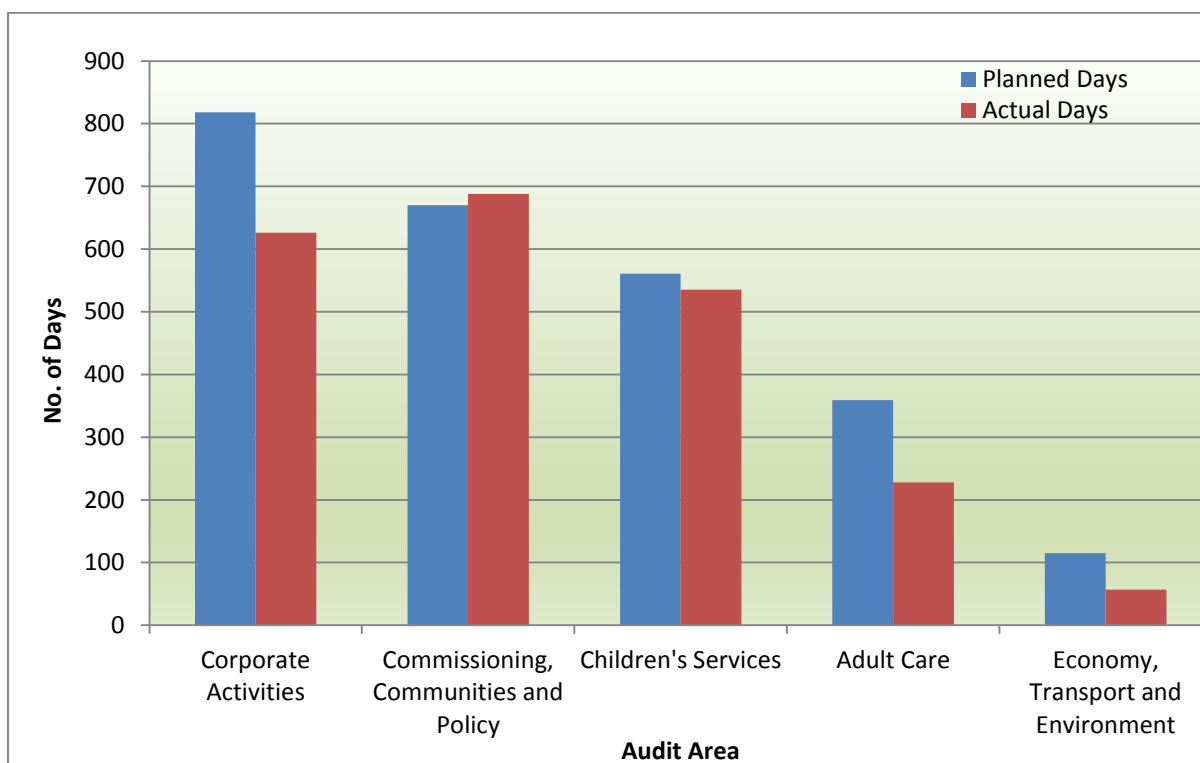
- strongly agreed or agreed that Audit understands the Council's overall objectives including those relevant to your Department;
- strongly agreed or agreed that they had appropriate levels of input to the preparation of the Audit Plan and planning process;
- strongly agreed or agreed that Audit had adequate profile and influence within the Council in order that it can work effectively and add value;
- strongly agreed or agreed that Audit communicates effectively;
- strongly agreed or agreed that Audit are responsive to the needs of the Council and my Department;
- strongly agreed or agreed that Audit provides positive support to my Department.

An area identified for possible development related to supporting Departments to challenge unnecessary processes where appropriate.

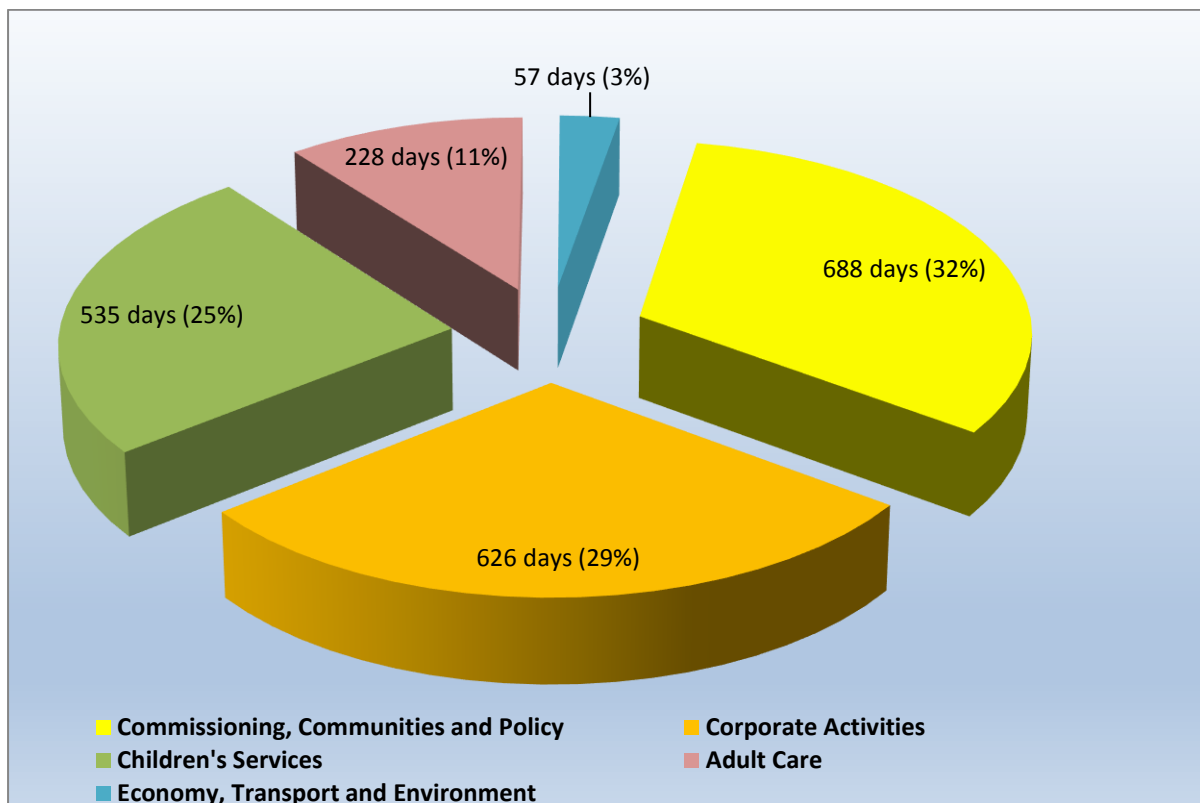
Achievement of the Annual Audit Plan

Members approved the Audit Plan for 2018-19 at the Audit Committee meeting on 28th March 2018. The Plan included wide ranging Audit work covering Corporate and Departmental projects, major systems, Departmental reviews, IT systems, information security assessments, school and establishment visits, probity and compliance reviews and fraud prevention. Regular reports on performance against the approved Audit Plan have been produced for Members throughout the year. The following charts summarize planned days against actual days, actual days delivered by Department/activity and the percentage of target days achieved by staff.

Planned Days Against Actual Days For Each Audit Area



Actual Days Analyzed By Service Area



Appendix 1 summarizes actual performance against the approved Plan.

Average Percentage Of Target Days Achieved For Each Staff Group



Those staff who exceed target have delivered more productive days than originally planned.

Audit Services' Methodology and Staffing

In assisting the Council to maintain and develop its governance, risk management and control environment Audit Services' staff appraise and review the:

- completeness, reliability and integrity of information, both financial and operational;
- effectiveness of systems established to ensure compliance with policies, plans, procedures, laws and regulations, e.g. control/regulatory frameworks specified by the Members and Management of the Council, and externally by statute or regulatory bodies;
- means employed by the Council to safeguard its assets and recognize risks;
- effectiveness, efficiency and economy with which resources are employed;
- management and security of the Council's information assets including contractual arrangements with third parties;
- operations being carried out to determine whether planned objectives and goals are achieved.

The Audit Services' Manual contains procedures and Professional Standards, the requirements of Professional Best Practice and guidance relevant to the work of the Unit. The Manual is held electronically and available to all of the Unit's staff. The Manual includes the Unit's QAIP and has been reviewed during the current year to ensure its continued relevance as a source of on-going professional and operational guidance.

The Audit Plan for 2018-19 was formulated in accordance with the Unit's established practice to reflect those key risks identified in the Council's Strategic and Departmental risk registers, and other key factors. At that time the intention was that the Audit Plan should be continuously reviewed to ensure that it remained aligned with significant risks whilst remaining responsive to changes in risk, operations, systems and controls. The Audit Plan as initially presented for approval was an iteration based on then current information and assessment of known risks but it is a dynamic tool which can be flexed within the year to achieve optimization of the Council's audit resource.

The Audit Plan was extensively discussed with and agreed by key stakeholders including Strategic Directors, the Director of Finance & ICT (Section 151 Officer) and passed to the Council's External Auditor prior to its submission to, and approval by the Audit Committee. Regular reports on actual activity against the Plan have been presented to the Audit Committee throughout the year. Updates on Audit activity have been provided to the Corporate Management Team and individual Strategic Directors.

Audit Services and External Audit have distinct and different duties although their aims and objectives are complimentary. This relationship is formalized in

the agreed External and Internal Audit Protocol which was reviewed and subsequently presented to the Audit Committee on 27 March 2019. Whilst External Audit cannot delegate its work the Protocol confirms *'we will use the findings from Audit Services work on key financial systems to inform our risk assessment and develop appropriate audit tests.'* The Protocol defines Internal and External Audit responsibilities, arrangements for co-operation and co-ordination and the consideration of fraud risk.

Staffing of the Audit Services Unit

The PwC review of Audit Services commented that the *'team is very hard working and committed. The Team have a good mix of skills, experience and qualifications.'* During recent years revisions have been made to the Audit Services' staffing structure to ensure that it has adequate skills and resources and remains fit for purpose. The Unit now has an establishment of approximately 17 full time equivalent posts and I consider that this level of resource is adequate, but it must be noted that the Unit currently has three vacancies. The full range of Audit services, including the specialist areas of investigative, information security, computer forensic and IT Audit work continue to be provided using only in-house staff which demonstrates the breadth of skills and knowledge currently available to the Council and its Senior Management.

Until relatively recently the Unit had been able to retain a particularly stable staffing base, which had significant benefits and enabled staff to expand their knowledge of the Council's systems and procedures, and to take on a broader role to enhance their skills and effectiveness. However during 2017-18 and 2018-19 the Unit delivered less productive days than the approved Audit Plan due to vacancies and higher than anticipated levels of sickness. Despite this a number of staff delivered productive days in excess of their target which demonstrates the Unit's commitment to its work.

Towards the end of 2017-18 the Unit was restructured and two Audit Manager posts (Grade 14) were created and filled by internal appointments. This change was required in order to meet the dynamic and complex challenges facing the Council, provide further support to, and increased resilience in the absence of, the Assistant Director of Finance (Audit) and offer opportunities for succession planning.

During the 2018-19 additional Principal Auditor and Senior Auditor posts were created along with a part-time Audit Clerk to address the shortfall in resources. These measures utilize costs saved by changes to the working patterns of established staff and funding provided for a long standing vacancy at Auditor level.

A Principal Auditor vacancy, resulting from the transfer of a qualified and experienced member of staff, and the additional Principal Auditor post were

filled through internal promotion. However, one of the successful applicants was on maternity leave and only returned to work at the end of February 2019, working three days per week. The employment of a Principal Auditor, who had been absent throughout the year due to sickness, was terminated on 31 March 2019 through the Council's Attendance Management and Ill Health Capability Procedure. An appointment to this vacancy has now been made and it is anticipated that the successful applicant will start shortly.

Appointments were made to two Senior Auditor posts during the year; one being made by internal promotion whilst the other was an external appointment. A Senior Auditor post is currently vacant despite several recruitment exercises taking place during the year to fill all posts at this level.

During October 2018 an Auditor took up a two year fixed term post in the Adult Care Department and an appointment to cover this vacancy commenced in January 2019. This officer has subsequently been successful in obtaining a permanent post within the Unit which resulted from the previous occupant being promoted to a Senior Auditor post. Consequently the Unit currently has a fixed term vacancy at Auditor level. In addition a Trainee Auditor post is vacant which it is intended to fill through the apprenticeship scheme.

The above paragraphs demonstrate that the Unit's staffing resource has undergone a sustained period of unexpected turbulence and that the approved structure is still not fully staffed. This together with higher than anticipated levels of sickness has placed increased pressures on the Unit's existing resources. Despite this a number of staff have delivered productive days in excess of their target and I wish to record my thanks to all my staff for their professionalism and commitment during a particularly challenging year.

Throughout the year the Audit Committee has been informed of the impact of vacancies and sickness on the Unit's staffing resources as part of regular reports detailing progress against the approved Audit Plan, and have been supportive of measures taken throughout this difficult period.

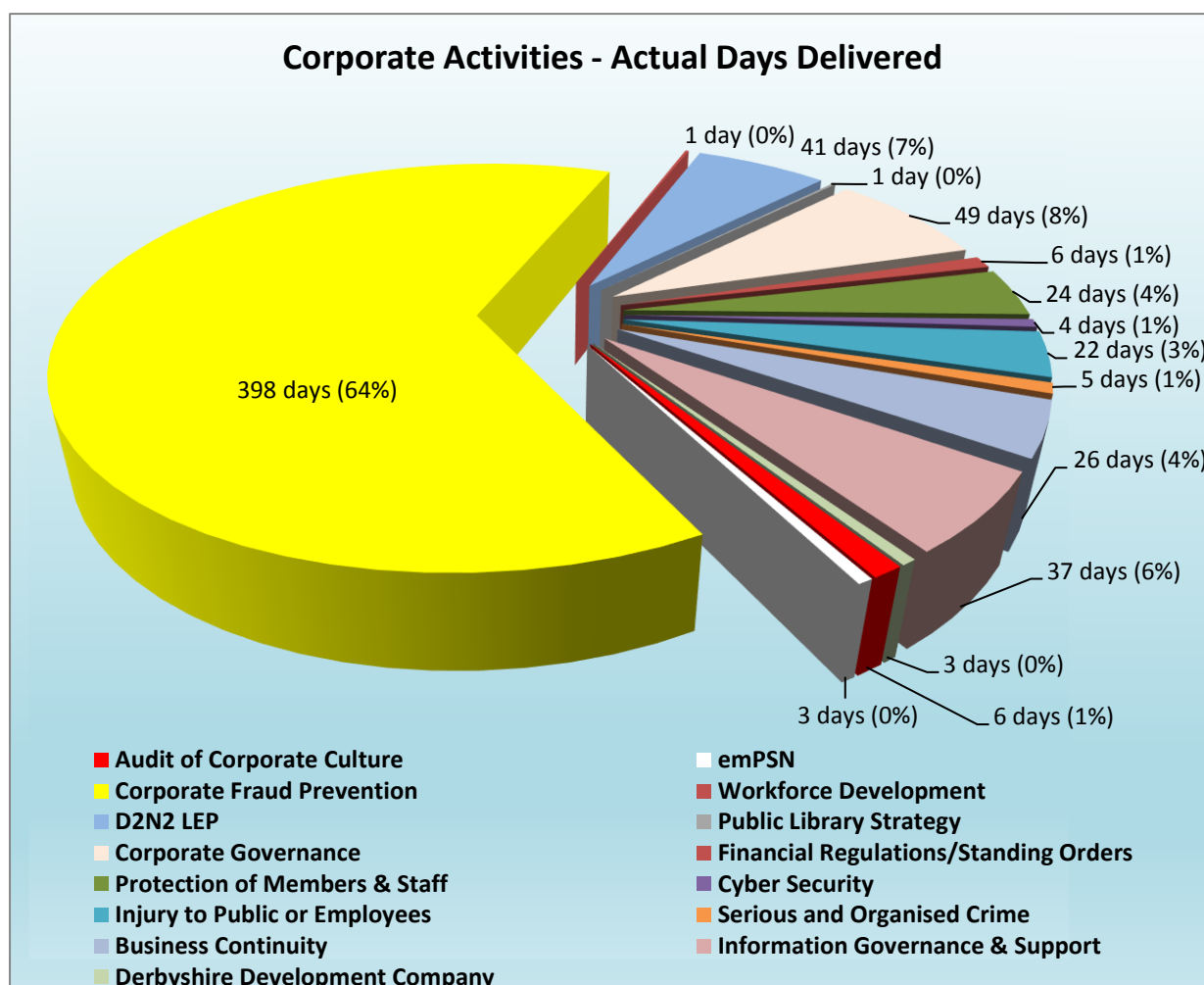
The Unit is committed to developing its staff and continues to support both professional and internal, work based training. In addition, staff have attended external training relating to IT and operational/legislative updates to ensure that they are competent in their roles. Audit Services is also represented on both the Local Authority Chief Auditors Network and Midland Counties Heads of Internal Audit Group. In addition the Unit is an active member of the Nottinghamshire and Derbyshire Audit Group.

Audit Services will continue to work to safeguard the Council and its Senior Management by promoting the principles of good governance, ensuring that robust controls are in operation and seeking to improve risk management arrangements whilst looking to minimize the effects of reduced resources and increased demands on its services. However, in common with other Council

functions the Unit's ability to respond within a reasonable timeframe to requests made of the service, including operational project related work, has been impacted upon during the year. I have, and will continue to monitor this situation to minimize the effect.

Detailed Analysis of Audit Activity

Service Area	Corporate Activities								
Overall achievement of Productive Days against Plan									77%
Number of Reports/ Memoranda Issued ²									16
Assurance Levels ³									
Substantial	0	Qualified	5	Limited	0	No	0	Other	11
Recommendations Made (items marked in red were rejected by Senior Management)									
Critical	0	High	9	Medium	48	Low	9		
					(6)		(1)		
Previous Recommendations Not Implemented									
Critical	0	High	2	Medium	2	Low	1		



² Includes 11 reports resulting from special investigations.

³ This area of activity includes special investigations where assurance levels and recommendations are treated differently and not categorized in the same way.

Strategic Provision

During the year staff of the Unit worked on 15 key, Corporate areas which addressed significant risks facing the Council. I would wish to draw attention to the following:-

Governance Group

The Assistant Director of Finance (Audit) is a member of this Group along with other senior officers including the Director of Finance & ICT, Director of Legal Services and Director of Organisation Development and Policy. The Group has a key role in considering and promoting governance matters (including the development and revision of related policies), supporting the work of the Audit Committee and production of the Annual Governance Statement. However, the Group has met infrequently during the past year and it is accepted that it needs to be reinvigorated and its membership expanded to include representatives from Departments in order to effectively fulfil its role.

Information Governance Group

Audit Services are an integral part of the ongoing monitoring and compliance work required to maintain the Council's ISO27001:2013 accreditation. The Unit's role includes attendance and support to the monthly meetings of the Group, review of information security policies and ongoing information security reviews as specified within the Audit Plan. The Unit's staff are the contact point for the External Auditor in relation to the provision of internal audit in respect of the ISO27001 standard.

Risk Management Group

Audit staff are represented on the newly formed Risk Management Group which meets quarterly. The group consists of Departmental Risk Champions together with officers from Health and Safety and Legal Services. The Group's core role is to monitor and support Corporate leadership of risk management across the Council.

Corporate Fraud Prevention

The Council continues to take a robust stance in respect of counter fraud measures and has a culture which is resilient to the threat of fraud and corruption. A suite of policies has been developed which are intended to encourage the prevention of fraud, promote its detection and identify a clear protocol and methodology for undertaking investigations. The Council participates in the National Fraud Initiative (NFI) and subscribes to the National Anti-Fraud Network.

The threat posed by fraud remains a significant risk to the Council and other public bodies based on the investigative work completed by the Unit and reports in the media. The type of fraud threats are subject to change with some being of a more complex and wide ranging nature and beyond the Council's control. The involvement of organised crime continues to be perceived as an emerging threat impacting directly on local authorities and their residents. The Council is operating in a period of continuing financial constraint with the consequences of further budget reductions and reduced staffing levels. Whilst the Council has responded by streamlining Senior Management structures creating a more agile and flexible workforce, it is essential that the level of management oversight and supervision does not compromise the control framework and financial resilience is maintained. Operational and Management controls form a vital part of the three lines of defence model illustrated on page 10.

During the year the Unit was involved in formulating revisions to Financial Regulations and Standing Orders relating to Contracts which were formally approved by Council on 6 February 2019; the adequacy and effectiveness of these procedures is subject to review as part of our on-going work on the Council's regulatory framework.

More recently the Enterprising Council approach adopted by the Authority will present opportunities to modernize, make the best use of resources and challenge the way services are delivered. This will change the risk environment in which the Council operates.

To strengthen the overall internal control and governance frameworks the Council should make those improvements which it can to mitigate risks including the implementation of Audit recommendations.

The Unit continues its key role in protecting the Council and mitigating the risk of fraud. Audit staff investigate individual cases of suspected theft, fraud or irregularity and produce Audit Reports for Senior Management which detail our findings and recommend appropriate action including, where necessary, measures to improve controls to prevent recurrence.

During the year the Unit's staff worked on 17 investigations of potential fraud, misconduct or irregularity, a number of which required the deployment of the Unit's specialist IT forensic resource. Staff also actively participated in NFI 2018 and investigated data matches reported as part of that process. The Unit continues to work with NAFN which provides valuable intelligence on potential frauds. Relevant information received from NAFN and other sources is investigated by the Unit and disseminated to Members, Strategic Directors and Directors in order to ensure that the Council is informed of known and emerging fraud risks.

Instances of suspected fraud and irregularity reported to, and investigated by Audit Services continues to be a significant aspect of the Unit's work. During

2018-19 a number of investigations were conducted which involved irregularities at the Council's maintained schools.

The Unit maintains its positive working relationship with the Police and any Audit investigation which may result in criminal proceedings is discussed at an early stage. This ensures that any potential action by the Police is not compromised whilst enabling the Council to proceed with its investigation.

Staff who are responsible for investigating fraud are appropriately qualified and experienced and have unrestricted access to Members, employees, information and resources to enable investigations to take place. The Cipfa Code of Practice on Managing the Risk of Fraud and Corruption states that councils should undertake an annual assessment of whether the level of resource to counter fraud and corruption is proportionate for the level of risk. This assessment is made by the Assistant Director of Finance (Audit) when formulating the Audit Plan.

The continuing pressures on the Council's reduced resources emphasize the importance of all Members and staff remaining vigilant to ensure that governance and control arrangements are not compromised.

The Assistant Director of Finance (Audit) is the Council's RIPA Monitoring Officer, responsible for the oversight and monitoring of powers exercised under the Regulation of Investigatory Powers Act (RIPA) in accordance with the Council's RIPA Policy. The acquisition of communications data and provision of scrutiny regarding applications is provided by NAFN through their Single Point of Contact service. Local authorities may only exercise RIPA powers to prevent and detect crime. The level of activity relating to the exercise of RIPA powers has reduced significantly with no applications being processed in recent years.

Serious and Organised Crime

During 2017-18 the Council participated in a national initiative relating to the threats posed by serious and organised crime. This followed the publication of the Home Office's final report based on a number of pilots regarding the threat serious and organised crime poses to publicly procured services in local authorities. In response to this threat Corporate Management Team established the Serious and Organised Crime Working Group and Audit staff undertook a Serious and Organised Crime Audit. This initiative now requires input from the Police in order to progress "data washing" and, following discussions with the Deputy Chief Constable, it is anticipated that work will continue in the current year and involve reporting to Members and Senior Management to raise awareness of this key initiative, strengthen controls and embed on-going systems to assist in protecting the Council from this threat.

Injury to Public or Employees

The review confirmed that the Council has established a governance framework in relation to the protection of individuals from injury arising from its activities or through the use of Council premises. This framework is generally fit for purpose and operating effectively with a number of areas of good practice noted.

The Council's duty of care is clearly defined and reflected within risk registers, policies and procedures, and insurance cover. Risk assessments have been developed to cover a number of Council-wide, Departmental and site-specific activities which are supplemented by specific arrangements for contractors and highways schemes. In order to ensure that risk assessments provide an effective tool for the recording, evaluation and mitigation of risk, it is essential that they are subject to regular review and update, and are made available to all relevant staff with this process formally evidenced.

Safety equipment, including first aid boxes, is available across the Council and its various premises and there are a number of staff trained in first aid based at each location.

Accidents and incidents affecting members of the public, staff and contractors are recorded using the on-line Incident Reporting System with data extracted directly from this system and reported to the Health, Safety and Wellbeing Sub-Group.

Protection of Members and Staff

This Audit considered the overarching policies and procedures in place together with the process for identifying, recording, investigating and reporting threats received and the escalation of relevant incidents to the Police.

The Council's arrangements and positive direction of travel in relation to developing, embedding and promoting health and safety good practice was recognised by the Royal Society for the Prevention of Accidents (RoSPA) in 2014 through the award of the "Order of Distinction", to reflect continuous improvement by the Council since 2000; at this time Derbyshire was the only Council to have received this accolade.

Established Corporate and Departmental policies and procedures are in place to provide Members and staff with guidance on the reporting, recording and investigation of incidents of harm, or the threat of harm. These procedures are generally fit for purpose, however they would benefit from review and consolidation to ensure that they are consistent and up to date.

Incidents of harm, or the threat of harm, to Members appear to be rare. In order to ensure that any future incidents are appropriately identified, reported and investigated, the existing arrangements should be further developed to ensure

that formal risk assessments are completed, Members are aware of the proper process to be followed should such an incident occur and reminded of the need to record any such incidents on the on-line Incident Reporting System. Consideration should also be given to undertaking a review of the extent of Members' personal data that is held within the public domain.

Risk assessments are completed for staff but these are not always reviewed annually or in conjunction with relevant Health and Safety and Trade Union representatives. Where staff are subject to harm, or the threat of harm, such incidents are generally administered appropriately.

Premises are subject to a risk assessment which informs the annual Health and Safety workplace inspection programme. However there is no list of premises where the staff within are considered to be at high risk of harm, or the threat of harm, and no minimum physical access control requirements in place to safeguard staff located in those premises.

Business Continuity Planning

During the year work was undertaken on business continuity arrangements which included the follow up of previous Audit recommendations; this review was completed and reported during the current year. The Audit identified a number of previously agreed recommendations which had not been implemented. If the recommendations had been actioned as agreed it could have mitigated or prevented a significant incident which subsequently occurred at a site and resulted in damage and disruption of services, but potentially could have had more serious impacts.

D2N2 Local Enterprise Partnership (LEP)

The Council is appointed as Accountable Body for the LEP. As part of its responsibilities as Accountable Body to the Local Growth Fund (LGF) funding stream, Audit Services conducted an annual review of the 2017-18 Fund and certified the relevant grant declaration in accordance with requirements.

The D2N2 Local Enterprise Partnership is facing significant challenges with central Government setting out plans for reform to ensure LEPs continue to drive growth and remain credible organisations locally and nationally. The review and update of the Strategic Economic Plan is a key part of this process. Locally, the significant increase in unspent LGF at the end of the financial year (£10.75m in 2016-17 and £31.52m in 2017-18) due, in part, to unavoidable delays and slippage in projects cannot continue; clear plans must be put in place to spend the 2018-19 LGF allocation as well as previous years' underspends. This should be supported by robust governance through the IIB concerning project profile change proposals which request a change in finance draw down.

Consequently the management of project progress, output delivery and expenditure profiles is vital. The submission of late and, in some cases, inaccurate returns by project promoters hinders the effectiveness of this process and potential sanctions for continued failure to comply should be considered. Expenditure testing should be in accordance with the agreed process and must ensure the supporting information provided by the promoter clearly links the expenditure incurred to the project(s) in receipt of LGF grant.

In January 2019 the Council was successful in its bid to be Accountable Body for the LEP for the next two years and taking on additional funding streams. Consequently this remains an on-going area of work for Audit Services.

Departmental Reviews

For a number of years the Unit has undertaken and developed these key reviews which assess the adequacy and effectiveness of controls operating within Departments. Audit work focuses on the Departmental interfaces with major systems to ensure compliance with the Council's Policies, Procedures, Financial Regulations and Standing Orders relating to Contracts, and Professional Best Practice. In addition, risk management arrangements and the requirements necessary to ensure compliance with ISO27001 and data protection obligations are also included in our work. Audit Services continues to evolve its programme of Departmental reviews to ensure that our work covers key control requirements. Such work also forms an integral part of Audit's overall assessment of the effectiveness of the governance arrangements operating within the Council and can inform future Corporate/Departmental Audit projects. Departmental reviews are a vital component in demonstrating a continuous Audit presence.

IT Systems, Information Security and Data Protection Reviews

Throughout the year the Unit has maintained its commitment to provide information security support and guidance to the Council's procurement projects and third party suppliers. The introduction of the General Data Protection Regulation (GDPR) from May 2018 created new obligations for data controllers and processors, together with the necessity for significant changes to the Council's policies. Although extensive work has been undertaken by the Council's staff, including the Data Protection Officer in preparing for the new legislation, this work remains an ongoing commitment.

In common with previous years, the Unit's staff have undertaken site visits to third party suppliers who support the Council's service delivery. Whilst general awareness of data protection has clearly improved with the publicity around GDPR, certain organisations are still embedding their newly updated privacy and data protection policies. The challenge of balancing service delivery against the cost of compliance remains a significant issue, which is often more acute based on the size of the organisation or contract value. If the majority of

organisations achieved or aligned to the Government's Cyber Essentials Scheme this would provide a core framework to guard against the most common cyber threats.

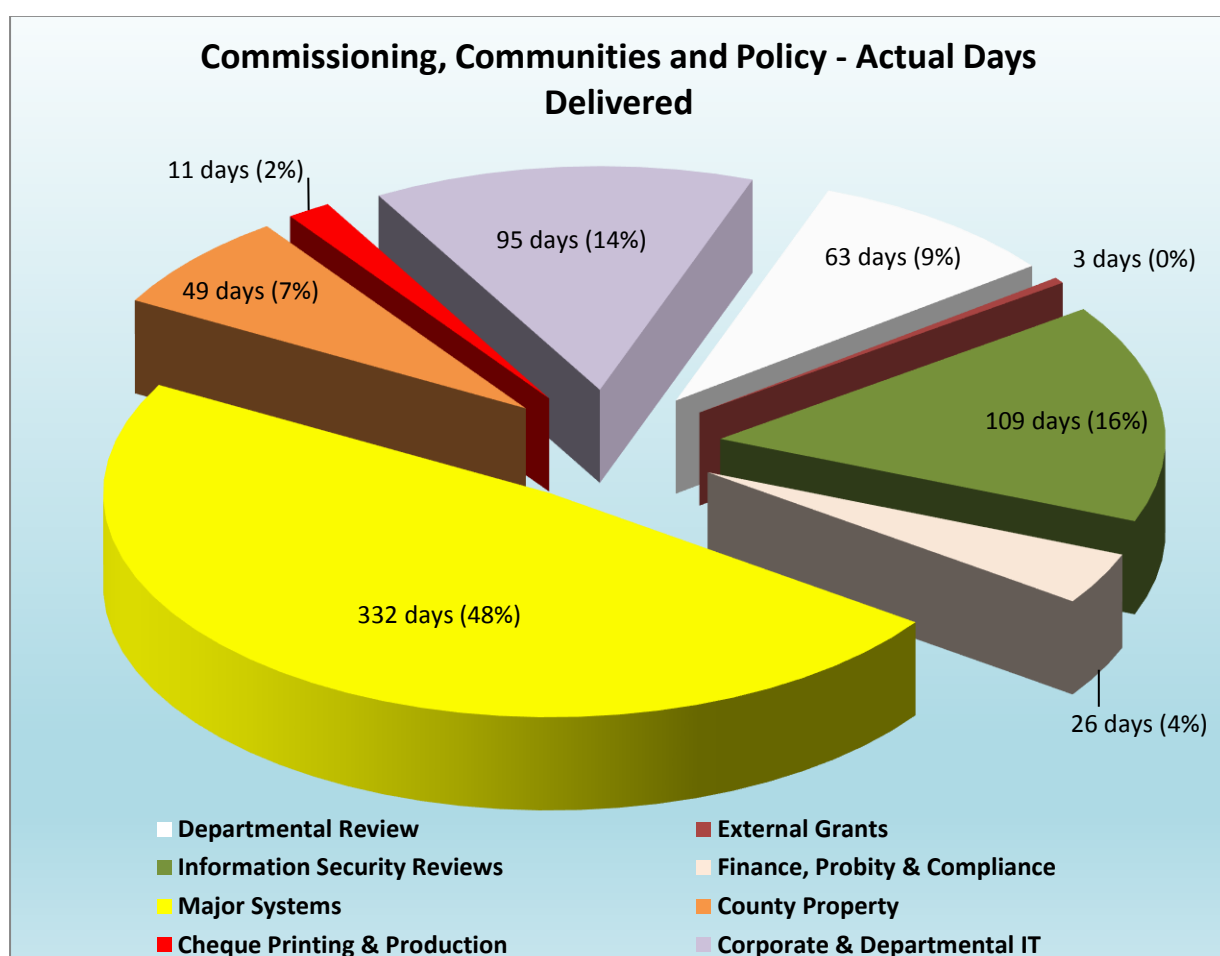
As the Information Commissioner's Office issues stronger data protection enforcement notices there is likely to be further improvement in data security. However, whilst technological advances continue to evolve, one of the main risks to any data loss or theft are those individuals employed by an organisation. Risks could originate as a result of staff not receiving effective induction or not being provided with the appropriate training to undertake their role. Therefore it is important that all organisations not only invest in ongoing training for information security but provide guidance when new IT systems and solutions are implemented.

Other Planned Reviews

Due to operational factors and particularly the Unit's reduced resources, planned reviews relating to Workforce Development and Succession Planning, Audit of Corporate Culture, Cyber Security and SAP Utilisation were deferred and incorporated into the current Audit Plan.

During the year the Unit completed work and reported to Senior Management on Derbyshire Developments Limited, Business Continuity Planning and Information Security Management planned in 2017-18.

Service Area	Commissioning, Communities and Policy								
Overall achievement of Productive Days against Plan									103%
Number of Reports/ Memoranda Issued									26
Assurance Levels									
Substantial	3	Qualified	17	Limited	3	No	1	Other	2
Recommendations Made (items marked in red were rejected by Senior Management)									
Critical	2	High	61 (5)	Medium	102 (13)	Low		67 (8)	
Previous Recommendations Not Implemented									
Critical	1	High	30	Medium	24	Low		12	



Strategic Provision

Key/Core System Reviews

The Council continues to use SAP applications to support its key financial processes which are well established. Audit Services undertakes work on major systems and their interfaces operating in Departments and establishments as a key feature of our on-going assurance work. Audit staff

routinely, independently and confidentially interrogate system data to support our reviews by producing reports which assist in targeting Audit testing. Audit staff are also active in supporting key SAP developments through participation in project groups and software testing.

The Council continues to spend a significant amount of its budget on staffing related costs and Human Resources processes must be effective to manage such a large, diverse workforce. The Unit carries out a wide range of work in this area as part of the central Human Resources review and during Departmental, school and establishment Audits. This work includes detailed testing of starters, leavers, time recording, leave and attendance management.

Reductions in budgets continue to place significant pressures on the Council's resources. Local authorities face funding cuts and increased demands for services and consequently financial resilience has emerged as a key consideration, particularly following the highly publicised failures identified at Northamptonshire County Council. The National Audit Office has described 2019 as a '*pivotal year for local government in England*'. Audit Services undertake testing on budgeting arrangements as part of the central Accountancy and Budgetary Control review and during Departmental, school and establishment Audits. In the current year the Unit will undertake a Corporate project to assess financial resilience.

During 2018-19 significant work was undertaken on the Council's key systems and Memoranda were issued on:-

- human resources;
- accountancy and budgetary control;
- asset management;
- property valuations (follow up);
- accounts payable;
- accounts receivable;
- funds management;
- treasury management;
- procurement.

The Unit issued nine Memoranda following information security reviews undertaken relating to Departmental systems.

Finance Officers' Group

This Group comprises representatives of Corporate Finance, Departmental Finance Managers and Audit Services. The Group meets on a regular basis to discuss a range of budgetary and accounting issues and supports the Director of Finance & ICT. Its aim is to ensure consistent accounting and budgeting practices across the Council, and to contribute to the development and

enhancement of Financial Regulations and Standing Orders relating to Contracts, and related procedures.

Procurement Officers' Group

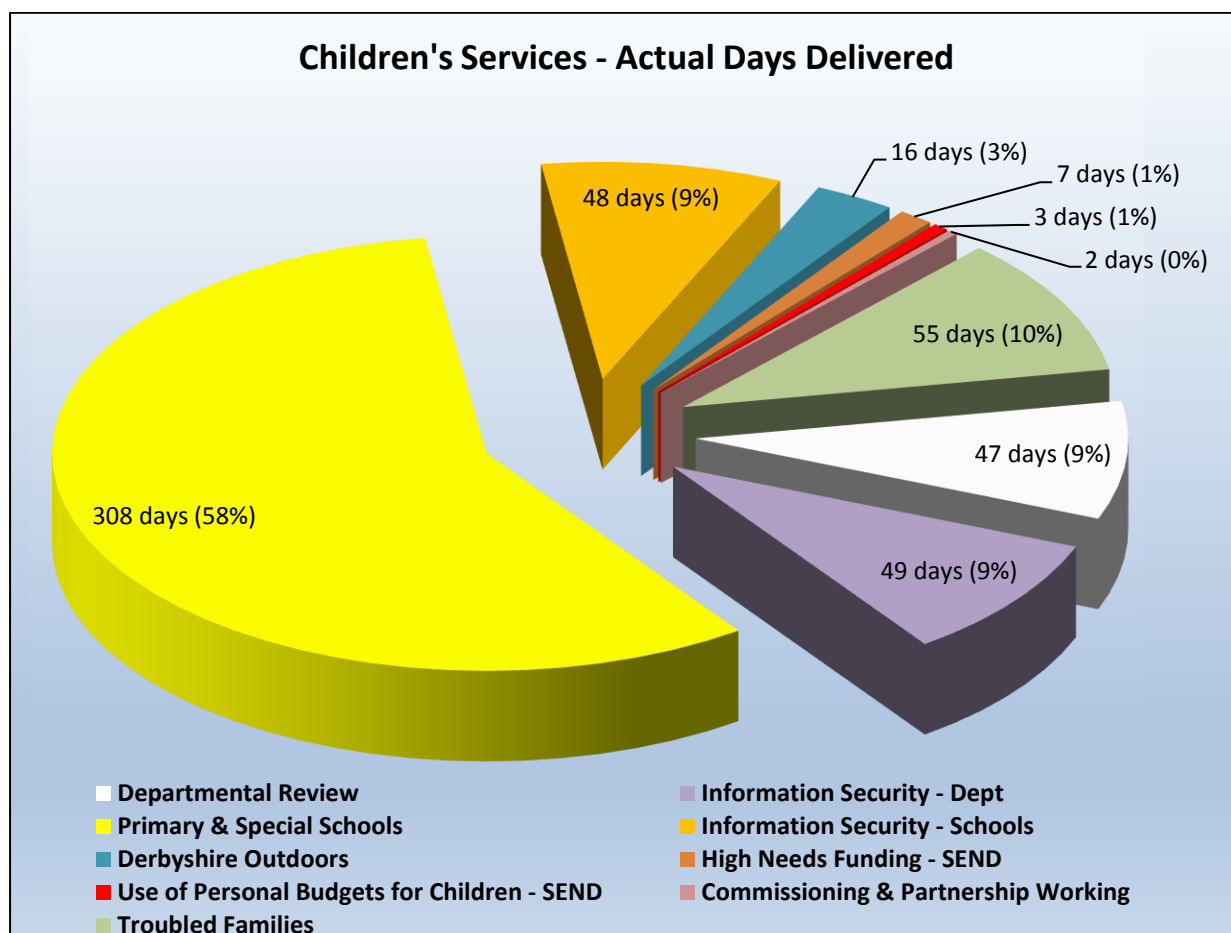
The Procurement Officers' Group has representatives from Corporate Procurement, Departments and Audit Services. The Group meets to consider matters relating to the purchasing and procurement of goods and services and promote consistency in the operation of Policies and Procedures.

Probity and Compliance

During the year Audit Services reported on insurance and risk management, pensions administration and played a significant role in the revision of the Council's Financial Regulations and Standing Orders relating to Contracts which form an essential part of the regulatory framework. The Unit also undertook probity and ISO27001 compliance visits and provided grant claim certifications.

The latest revisions to Financial Regulations and Standing Orders relating to Contracts were approved by Council on 6 February 2019. Compliance with these Regulations, Policies, Procedures and other elements of the Council's regulatory framework will continue to be assessed as a key component of on-going Audit work.

Service Area	Children's Services			
Overall achievement of Productive Days against Plan				95%
Number of Reports/ Memoranda Issued ⁴				56
Assurance Levels				
	Substantial	Qualified	Limited	No Assurance
Non Schools	1	7	0	0
Schools	2	38	3	1
Total	3	45	3	1
Recommendations Made (items marked in red were rejected by Senior Management)				
	Critical	High	Medium	Low
Non Schools	0	8	46	11
Schools	3	226 (5)	293 (6)	289 (8)
Total	3	234	339	300
Previous Recommendations Not Implemented				
	Critical	High	Medium	Low
Non Schools	0	11	16	6
Schools	0	129	139	31
Total	0	140	155	37



⁴ 4 grant returns were also reviewed in connection with the Troubled Families Initiative.

Strategic Provision

The Unit undertook work on Departmental systems and procedures and three Themed and Operational Projects including High Needs Funding – Special Education Needs & Disabilities (SEND), Use of Personal Budgets for Children with SEND and Commissioning and Partnership Working. Audit Services issued two Memoranda following the completion of information security reviews relating to Departmental systems.

During the year the Unit trialled the introduction of follow up Audits for Themed and Operational Projects previously undertaken within Children's Services. Consequently Memoranda were produced on completion of follow up reviews of Looked After Children, Fostering and Children at Risk of Missing Education.

School and Establishment Visits

Audit Services continues its programme of school Audits and provision of support in respect of the Schools Financial Value Standard. This includes the promotion of good governance through discussions, training and meetings with governors, Children's Services and school based staff. In order to ensure that robust governance and control systems are operated and maintained within schools it is essential that governing bodies and head teachers work together.

During the current year it is intended to review and refocus the testing methodology applied to schools in order to:-

- ensure its continued relevance in evaluating the adequacy and effectiveness of governance and control frameworks within schools;
- evaluate and incorporate, where appropriate, other sources of assurance eg Ofsted reports, work undertaken by School Support Finance;
- discharge the Section 151 Officer's responsibilities on behalf of the Director of Finance & ICT.

The Unit produced separate Memoranda following reviews of 38 primary schools and 1 outdoor centre during the year. Our planned coverage of schools and establishments was not achieved due to reduced staffing resources. At the end of each Audit visit recommendations are discussed at the exit meeting involving school and Audit staff. All schools and establishments are provided with an Action Plan following the visit which includes prioritized recommendations for improvement.

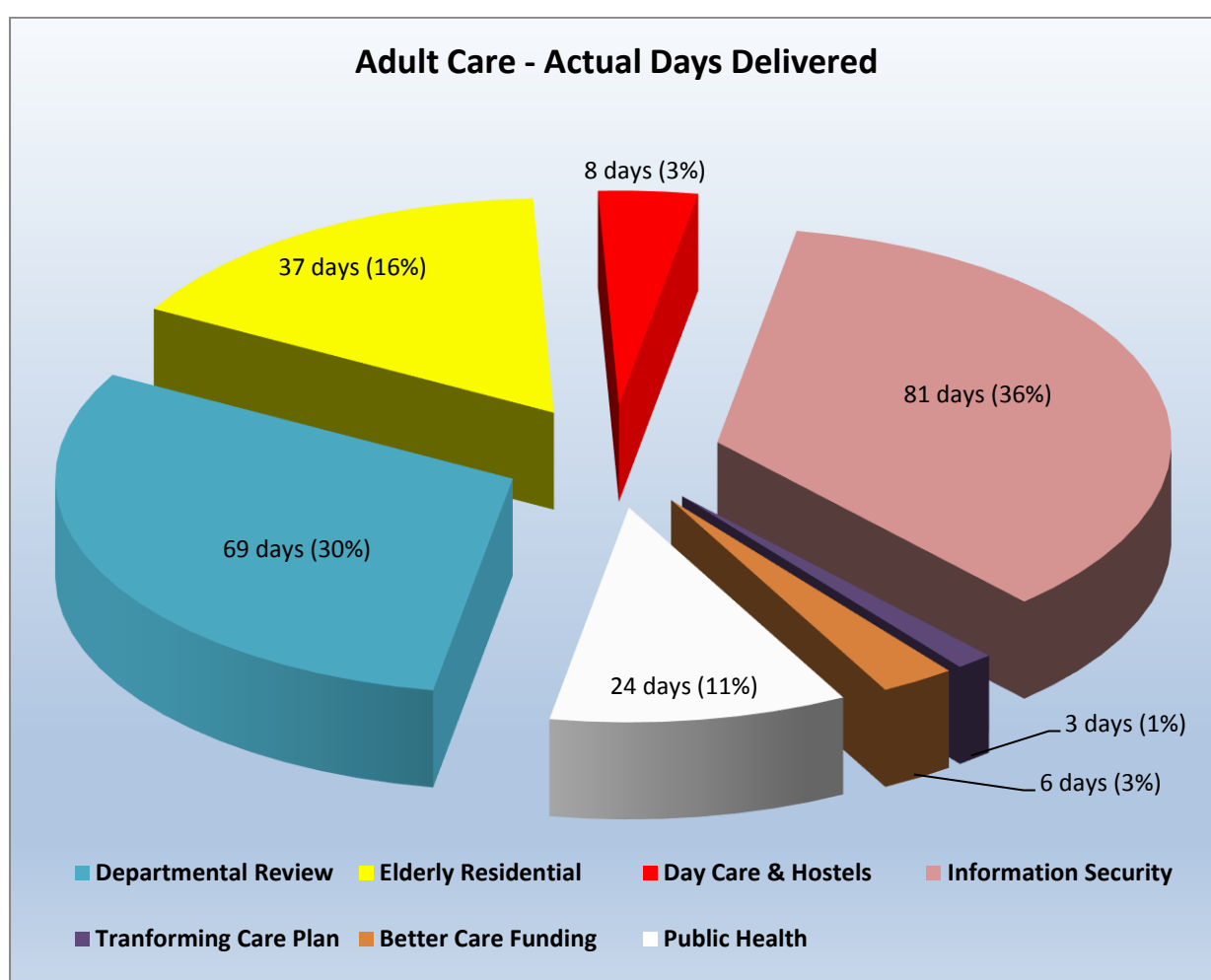
SAP is used by the vast majority of schools and offers significant advantages from the use of common systems across the Council and all Audit staff routinely use SAP as part of school reviews.

The Unit continues to produce the 'Audit Matters' electronic newsletter specifically aimed at schools and uses the SchoolsNet website to provide information and best practice advice.

The Unit carried out several computer forensic reviews during the year in relation to IT equipment used by staff at schools. As part of the support provided to maintained schools the Unit has well developed links to the Council's Local Authority Designated Officer (LADO). In instances where there are potential child protection allegations against a member of school staff, Audit Services will support the school in undertaking a review of their computers and network.

In addition Audit Services issued six Memoranda following information security reviews of systems relating to schools.

Service Area	Adult Care							
Overall achievement of Productive Days against Plan								64%
Number of Reports/ Memoranda Issued								21
Assurance Levels								
Substantial	2	Qualified	18	Limited	1	No	0	
Recommendations Made (items marked in red were rejected by Senior Management)								
Critical	1	High	36 (1)	Medium	74 (6)	Low	35 (2)	
Previous Recommendations Not Implemented								
Critical	0	High	13	Medium	23	Low	10	



Strategic Provision

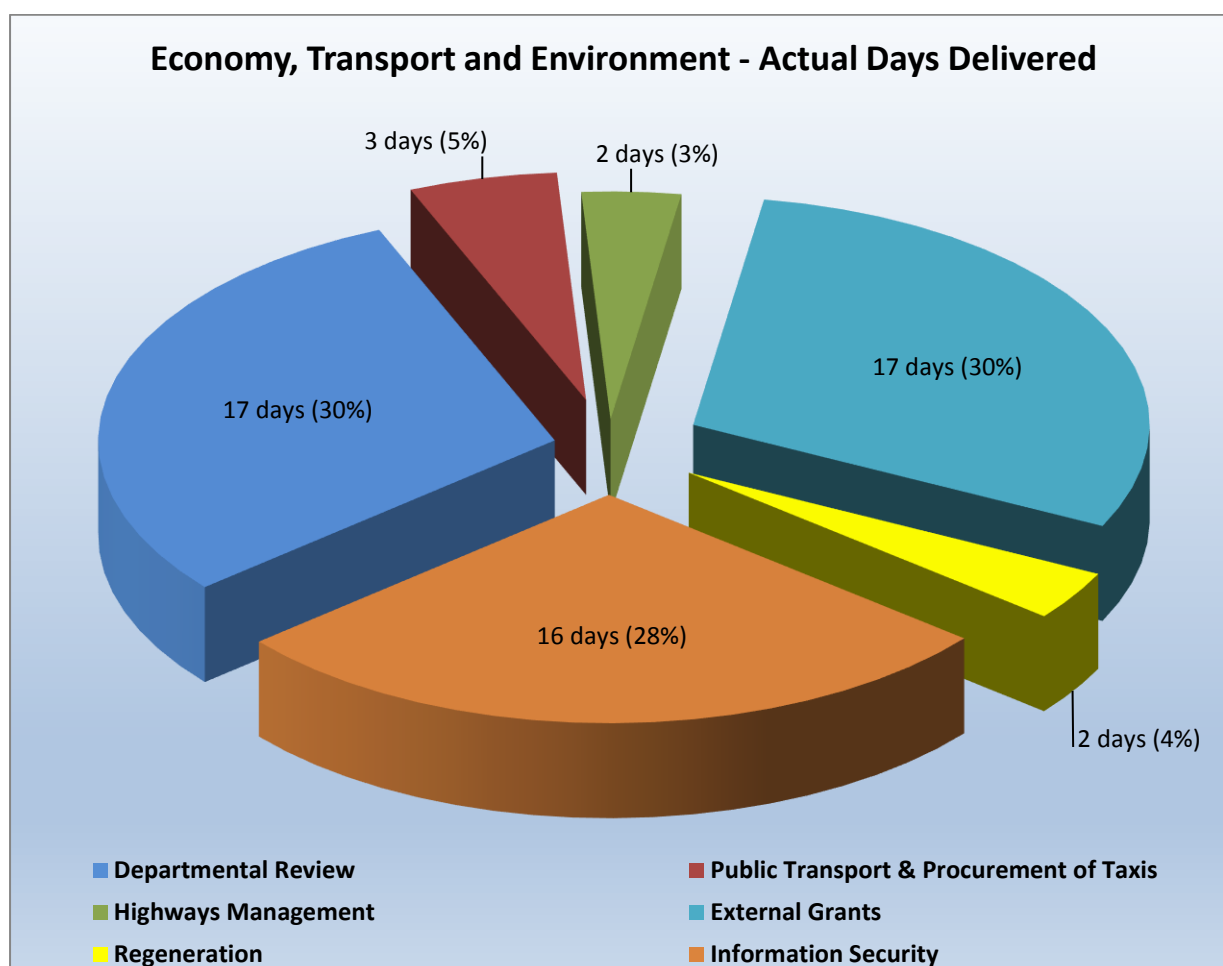
During the year the Unit carried out work on Departmental systems and procedures together with three Themed and Operational Projects. These included Public Health, Better Care Funding and the Transforming Care Plan. Ten Memoranda were produced following completion of information security reviews relating to Departmental systems.

Establishment Visits

The Unit reported the findings of our work at 8 establishments but due to reduced staffing resources our planned coverage in this area was not achieved. At the end of each Audit visit recommendations are discussed with Management at each establishment during an exit meeting. Each establishment is then provided with an Action Plan detailing prioritized recommendations for improvement.

As all establishments are covered by the Council's ISO27001 accreditation, testing of information security and data protection procedures is completed by Audit Services' staff as part of these reviews.

Service Area	Economy, Transport and Environment								
Overall achievement of Productive Days against Plan								50%	
Number of Reports/ Memoranda Issued								11	
Assurance Levels									
Substantial	0	Qualified	5	Limited	1	No	0	Other	5
Recommendations Made (items marked in red were rejected by Senior Management)									
Critical	0	High	26 (5)	Medium	38 (8)	Low	14 (2)		
Previous Recommendations Not Implemented									
Critical	0	High	4	Medium	8	Low	0		



Strategic Provision

The Unit undertook work on Departmental systems and procedures together with four Themed and Operational Projects. Two of these Projects related to the previous year viz. Public Transport and Procurement of Taxis and Regeneration. Further work on Highways Management and Fleet Services was

deferred as these activities form one of the Enterprising Council early start service area reviews which covers Highways and Fleet Management. Audit Services produced two Memoranda following the completion of information security reviews relating to Departmental systems.

Internal Audit Plan for 1 April 2019 to 31 March 2020

The Audit Plan for 2019-20 was reported to, and approved by Audit Committee on 27 March 2019 and is based on the deployment of 2,684 Audit days. Although a number of measures have been taken to strengthen Audit resources, which have been supported by Members and Senior Management, the Unit does not have its full complement of staff. Consequently several assumptions were made in forecasting available Audit days which may or may not be achieved. I will continue to provide updates on the impact of staffing resources as part of regular reporting to the Audit Committee on the achievement of the Audit Plan.

The Plan was formulated from our 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 Corporate Management Team, Strategic Directors and Directors including the Head of Paid Service, Section 151 Officer and Monitoring Officer. As part of this process Audit projects have been identified which will be developed specifically to address key Corporate and Departmental risks and build on those areas where frauds/control weaknesses have previously been identified.

The Audit Plan will continue to be subject to on-going review to ensure that it remains aligned with significant risks whilst remaining responsive to changes in risk, operations, systems and controls. Amendments necessary to the Audit Plan will be identified through Audit Services' on-going liaison and discussions with the Audit Committee, Strategic Directors, Directors and Senior Managers. Regular reports will be presented to the Audit Committee detailing progress against the approved Audit Plan which is constantly monitored by Senior Audit Management. Regular updates on Audit activity will also be provided to the Corporate Management Team and individual Strategic Directors.

As part of the Audit planning process resource requirements are considered each year and detailed staffing considerations are set out earlier in this Report at pages 26 to 28. Audit Services has an establishment of approximately 17 full time equivalents which I consider provides an adequate level of staffing resource. However, it is important to note that the Unit currently has vacancies which may impact on the delivery of the Audit Plan and, particularly in the short term, places increased pressures on the Unit's existing resources. The Unit continues to provide a full range of Audit services using only in-house staff, including the specialist areas of investigative, information security, computer forensic and IT Audit work.

DERBYSHIRE AUDIT SERVICES
INTERNAL AUDIT PLAN 2018/19

The information summarized below by Service Department identifies the work approved and actual time spent for the period ending 31 March 2019.

Corporate Activities

It was intended to spend **940** days on the Audit of Corporate Activities allocated over the following areas:-

Audit Area	Level of Risk	Plan Days	Actual Days		No of Reports	Level of Assurance	Analysis of Recommendations				Recs Not Acceptd	Recs Not Implmtd	Comments	
			17-18	18-19			C	H	M	L				
Corporate Projects														
• Workforce Development/ Succession Planning	H	20	-	1	-	-	-	-	-	-	-	-	-	Audit deferred and included in 2019-20 Audit Plan.
• Cyber Security	H	30	-	4	-	-	-	-	-	-	-	-	-	Audit deferred and included in 2019-20 Audit Plan.
• Audit of Corporate Culture	H	30	-	6	-	-	-	-	-	-	-	-	-	Audit deferred and included in 2019-20 Audit Plan.
• Serious and Organised Crime	M/H	10	-	5	-	-	-	-	-	-	-	-	-	-
• Injury to Public or Employees	M/H	25	-	22	-	-	-	-	-	-	-	-	-	-
• SAP Utilisation	M/H	20	-	-	-	-	-	-	-	-	-	-	-	Audit deferred and included in 2019-20 Audit Plan.
• Data Protection Compliance	M/H	15	-	-	-	-	-	-	-	-	-	-	-	-
• Protection of Members and Staff	M/H	20	-	24	1	Qualified	-	2	8	3	1M,1L	-	-	-
• Financial Regulations/Standing Orders	M/H	5	-	6	-	-	-	-	-	-	-	-	-	-
• Derbyshire CC Development Company	M/H	*3	3	-	1	Qualified	-	2	10	-	-	-	-	Memo relates to 2017-18. *3 days transferred from contingency.
• D2N2 LEP	M	*45	-	41	1	Qualified	-	2	5	1	-	1H,1M	-	*15 days transferred from contingency.
• Development of Audit Collaborative Working	M	10	-	-	-	-	-	-	-	-	-	-	-	-
• emPSN (SCo & ICo)	M	5	-	3	-	-	-	-	-	-	-	-	-	-

Audit Area	Level of Risk	Plan Days	Actual Days		No of Reports	Level of Audit Assurance	Analysis of Recommendations				Recs Not Acceptd	Recs Not Implmtd	Comments
			17-18	18-19			C	H	M	L			
• Public Library Service Strategy	M	-	-	1									
Corporate Governance including:-													
• Embedding Corporate Governance	H	40	-	49	-	-	-	-	-	-	-	-	-
• Business Continuity Planning	H	*25	6	20	1	Qualified	-	2	11	4	2M	1H,1M,1L	Memo relates to 2017-18. *10 days transferred from contingency.
• Corporate Health Check	H	20	-	-	-	-	-	-	-	-	-	-	-
• Information Governance Group and Support	H	30	-	37	1	Qualified	-	1	14	1	3M	-	Memo relates to 2017-18.
Corporate Fraud Prevention	H	465	3	395	11	-	-	-	-	-	-	-	This includes work on:- <ul style="list-style-type: none"> • NFI; • publication of NAFN alerts; • surveillance and data communications compliance; • liaison with External Audit; 17 investigations 3 of which relate to previous years including liaison with the Police. Special Investigation Report recommendations are not categorized.
Audit Contingency	-	-	-	-	-	-	-	-	-	-	-	-	Original contingency was 150 days less transfers of 150 days.
TOTAL		818	12	614	16		-	9	48	9	7	5	

Commissioning, Communities and Policy

It was intended to spend **610** days on the Audit of the Commissioning, Communities and Policy Department allocated over the following areas:-

Audit Area	Level of Risk	Plan Days	Actual Days		No of Reports	Level of Assurance	Analysis of Recommendations				Recs Not Accepted	Recs Not Implmtd	Comments	
			17-18	18-19			C	H	M	L				
Departmental Review - Management & Administration	M	60	-	63	-	-	-	-	-	-	-	-	-	
External Grants & Certifications	M/H	15	-	3	-	-	-	-	-	-	-	-	-	
Information Security Reviews	M/H	*88	11	98	9	1 Substantial 6 Qualified 2 Other	-	8	19	3	-	-	-	New and enhanced IT systems which require approval by the Director of Finance & ICT. IT solution testing and head office visits to ensure systems incorporate core data protection principles, and do not compromise the Council's ISO27001 accreditation in accordance with the requirements of the protocol developed with the Director of Finance & ICT. *48 days transferred from contingency.
Divisional Activity														
Corporate Finance														
Probity and Compliance	M/H	70	-	26	4	Qualified	-	11	14	9	3H,2M, 1L	3H,4M, 5L	1 Memo relates to 2017-18.	
Major Systems	H	255	103	229	9	2 Substantial 6 Qualified 1 No Assurance	1	22	48	43	2H,6M, 6L	1C,13H, 16M,7L	Due to the nature of these key reviews they are routinely work in progress at the year end. Work on Human Resources, Accounts Payable, Procurement, Accounts Receivable, Accountancy and Budgetary Control, Asset Valuations, Asset Management, Funds Management and Treasury Management reported in the current year. Additional work was required to provide assurance to External Audit in respect of the process for valuing and recording land and buildings in the Council's Statement of Accounts.	
Corporate/Departmental ICT Services	M/H	110	37	58	2	1 Qualified 1 Limited	1	6	4	3	2M	2M	Work includes assessments of new and existing IT systems together with specific reviews of the network infrastructure, BACSTEL-IP application, database and server management. 1 Memo relates to 2017-18.	

Key to Level of Risk: H – High, M – Medium, L – Low

Key to Recommendations: C – Critical, H – High, M – Medium, L – Low

*relates to use of contingency 51

Audit Area	Level of Risk	Plan Days	Actual Days		No of Reports	Level of Audit Assurance	Analysis of Recommendations				Recs Not Acceptd	Recs Not Implmtd	Comments
			17-18	18-19			C	H	M	L			
County Property	M/H	40	49	-	1	Limited	-	10	13	6	1M	10H,2M	Work relates to 2017-18.
Regulatory Registration Service	M/L	20	-	-	-	-	-	-	-	-	-	-	-
Cheque Production & Printing	M/L	*12	-	11	1	Limited	-	4	4	3	2M,1L	4H	*12 days transferred from contingency.
TOTAL		670	200	488	26		2	61	102	67	26	67	

Children's Services

It was intended to spend **539** days on the Audit of the Children's Services Department allocated over the following areas:-

Audit Area	Level of Risk	Plan Days	Actual Days		No of Reports	Level of Audit Assurance	Analysis of Recommendations				Recs Not Accepted	Recs Not Implmtd	Comments
			17-18	18-19			C	H	M	L			
Departmental Review - Management & Administration	M	45	1	46	1	Qualified	-	2	21	3	-	1H,4M	Memo relates to 2017-18.
Information Security Reviews	M/H	40	-	49	2	Qualified	-	-	12	-	-	-	New and enhanced IT systems which require approval by the Director of Finance & ICT. IT solution testing and head office visits to ensure systems incorporate core data protection principles, and do not compromise the Council's ISO27001 accreditation in accordance with the requirements of the protocol developed with the Director of Finance & ICT.
Schools													
Primary & Special	M/H	234	1	307	38	2 Substantial 32 Qualified 3 Limited 1 No Assurance	3	226	293	289	5H,6M, 8L	129H, 139M, 31L	It should be noted that Audit opinions and recommendations made relating to schools and establishments are categorized in relation to the school or establishment and not the Council.
Secondary	M/H	42	-	-	-	-	-	-	-	-	-	-	-
Information Security Reviews	M/H	60	16	32	6	Qualified	-	-	-	-	-	-	New and enhanced IT systems which require approval by the Director of Finance & ICT. IT solution testing and head office visits to ensure systems incorporate core data protection principles, and do not compromise the Council's ISO27001 accreditation in accordance with the requirements of the protocol developed with the Director of Finance & ICT.
Children's Homes	M/H	36	-	-	-	-	-	-	-	-	-	-	-
Derbyshire Outdoors	M/L	7	-	16	1	Qualified	-	2	9	7	-	1H,3M,1L	-
Themed & Operational													
• High Need Funding – Special Education Needs & Disabilities (SEND)	H	20	-	7	-	-	-	-	-	-	-	-	-

Key to Level of Risk: H – High, M – Medium, L – Low

Key to Recommendations: C – Critical, H – High, M – Medium, L – Low

*relates to use of contingency 53

Audit Area	Level of Risk	Plan Days	Actual Days		No of Reports	Level of Audit Assurance	Analysis of Recommendations				Recs Not Accepted	Recs Not Implmtd	Comments
			17-18	18-19			C	H	M	L			
• Use of Personal Budgets for Children with SEND	H	15	-	3	-	-	-	-	-	-	-	-	-
• Commissioning and Partnership Working	H	*2	2	-	1	Qualified	-	2	4	-	-	-	Memo relates to 2017-18.*2 days transferred from contingency.
• Youth Activity Grants	M	15	-	-	-	-	-	-	-	-	-	-	-
• Troubled Families Programme	L	*45	-	55	4	Other	-	-	-	-	-	-	Audit of grant returns and support.*20 days transferred from contingency.
• Looked After Children	H	-	-	-	1	Qualified	-	1	-	-	-	8H,4M,3L	Follow Up Audit.
• Fostering	H	-	-	-	1	Qualified	-	1	-	-	-	1H,5M,2L	Follow Up Audit.
• Children at Risk of Missing Education	H	-	-	-	1	Substantial	-	-	-	1	-	-	Follow Up Audit.
TOTAL		561	20	515	56		3	234	339	300	19	332	

Adult Care

It was intended to spend **339** days on the Audit of the Adult Care Department allocated over the following areas:-

Audit Area	Level of Risk	Plan Days	Actual Days		No of Reports	Level of Audit Assurance	Analysis of Recommendations				Recs Not Accepted	Recs Not Implmtd	Comments
			17-18	18-19			C	H	M	L			
Departmental Review - Management & Administration	M	*50	2	67	-	-	-	-	-	-	-	-	*5 days transferred from contingency
Information Security Reviews	M/H	80	13	68	10	9 Qualified 1 Limited	1	2	17	-	-	-	New and enhanced IT systems which require approval by the Director of Finance & ICT. IT solution testing and head office visits to ensure systems incorporate core data protection principles, and do not compromise the Council's ISO27001 accreditation in accordance with the requirements of the protocol developed with the Director of Finance & ICT.
Social Care													
Elderly Residential	M/H	32	-	37	6	Qualified	-	29	38	22	4M,2L	11H,19M , 8L	It should be noted that Audit opinions and recommendations made relating to establishments are categorized in relation to the establishment and not the Council.
Physical/Mental Disability	M/H	28	-	-	-	-	-	-	-	-	-	-	-
Day Care & Hostels	M/H	28	1	7	2	1 Substantial 1 Qualified	-	1	7	7	1M	1M,1L	1 Memo relates to 2017-18.
Community Care Centres	M/H	16	-	-	-	-	-	-	-	-	-	-	-
Themed & Operational													
• Better Care Funding	H	30	6	-	1	Substantial	-	-	4	-	-	1H,2M	Memo relates to 2017-18.
• Reduction in Clinical Commissioning Group Spending	H	25	-	-	-	-	-	-	-	-	-	-	-
• Transforming Care Plan	H	25	-	3	-	-	-	-	-	-	-	-	-
• Impact of Welfare Reform	H	-	-	-	1	Qualified	-	3	6	3	1H,1M	-	Memo relates to 2017-18.
• Public Health	M/H	*45	22	2	1	Qualified	-	1	2	3	-	1H,1M, 1L	Memo relates to 2017-18.*15 days transferred from contingency.
TOTAL		359	44	184	21		1	36	74	35	9	46	

Key to Level of Risk: H – High, M – Medium, L – Low

Key to Recommendations: C – Critical, H – High, M – Medium, L – Low

*relates to use of contingency 55

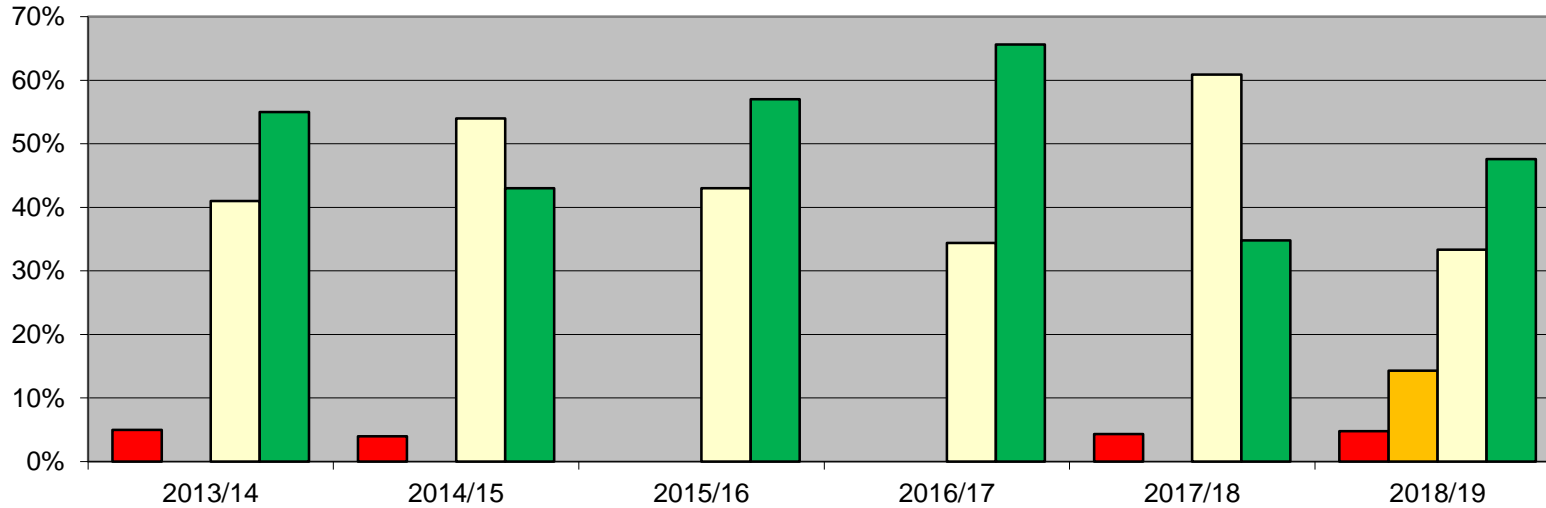
Economy, Transport and Environment

It was intended to spend **95** days on the Audit of the Economy, Transport and Environment Department allocated over the following areas:-

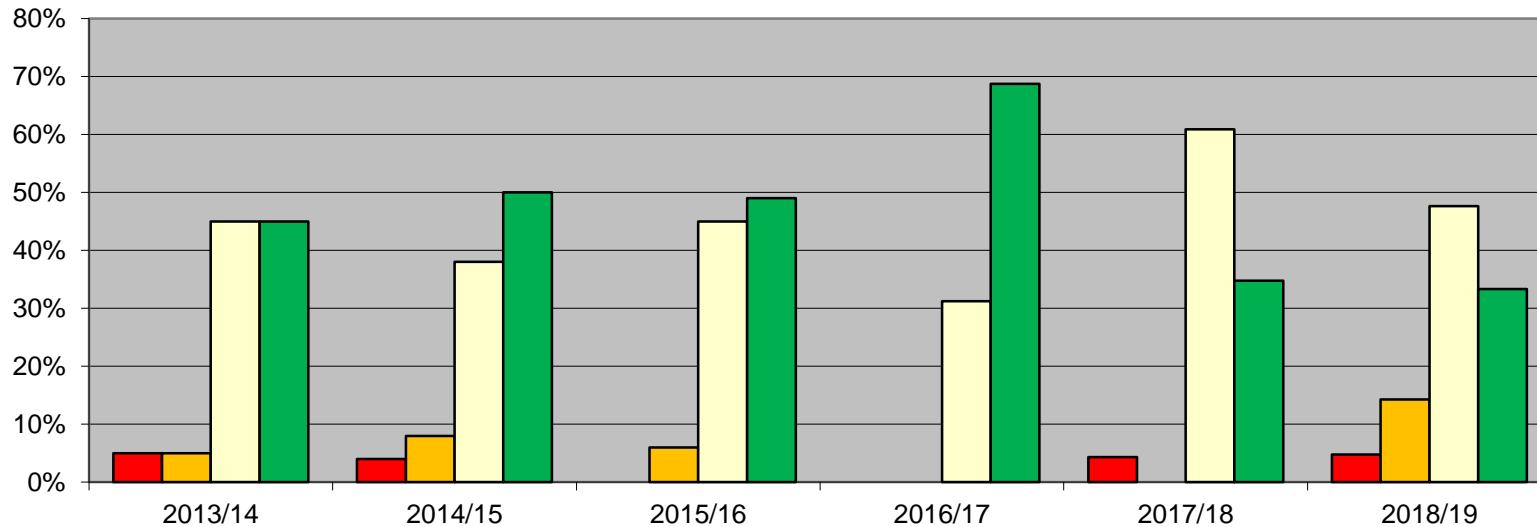
Audit Area	Level of Risk	Plan Days	Actual Days		No of Reports	Level of Audit Assurance	Analysis of Recommendations				Recs Not Accepted	Recs Not Implmtd	Comments
			17-18	18-19			C	H	M	L			
Departmental Review - Management & Administration	M	45	-	17	1	Qualified	-	6	13	8	1H,3M	2H,5M	Memo relates to 2017-18.
Information Security Reviews	M/H	10	-	16	2	Qualified	-	2	4	-	-	-	New and enhanced IT systems which require approval by the Director of Finance & ICT. IT solution testing and head office visits to ensure systems incorporate core data protection principles, and do not compromise the Council's ISO27001 accreditation in accordance with the requirements of the protocol developed with the Director of Finance & ICT.
Themed & Operational													
• Fleet Services	M/H	20	-	-	-	-	-	-	-	-	-	-	-
• Highways Management	M/H	20	-	2	-	-	-	-	-	-	-	-	-
• Public Transport and Procurement of Taxis	M/H	*3	3	-	1	Limited	-	7	5	-	1H,2M	3M	Memo relates to 2017-18.*3 days transferred from contingency.
• Regeneration	M/H	-	2	-	1	Qualified	-	5	11	3	3H,2M, 1L	-	Memo relates to 2017-18.
• Trading Standards	M/H	-	-	-	1	Qualified	-	6	5	3	1M,1L	2H	Memo relates to 2017-18.
• External Grants & Certifications	M/H	*17	-	17	5	Other	-	-	-	-	-	-	*17 days transferred from contingency.
TOTAL		115	5	52	11		-	26	38	14	15	12	

Preparation for and Administration of the Audit Process

Comparison of repondents' ratings of the value of the pre-audit meeting in respect of providing a brief overview of the Audit and its expected outcomes.

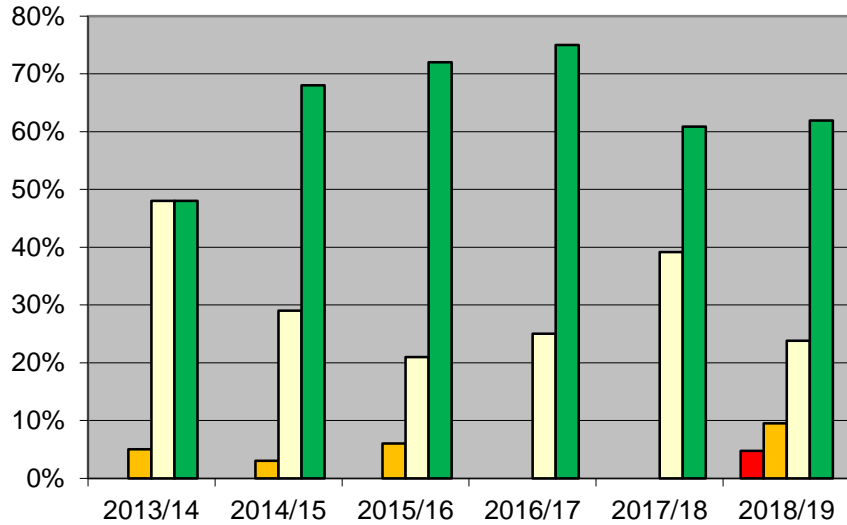


Comparison of repondents' ratings of the value of the pre-audit meeting as an opportunity to raise any areas of concern or clarify issues with the Lead Auditor

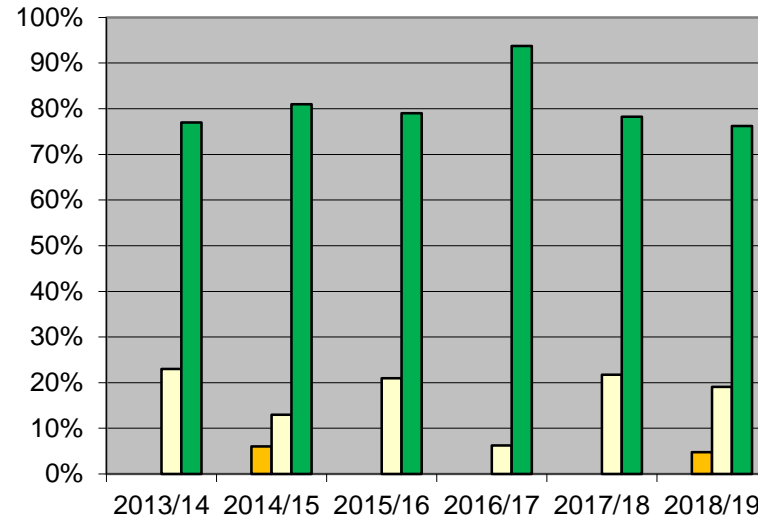


Professionalism and Relevance of the Audit Product

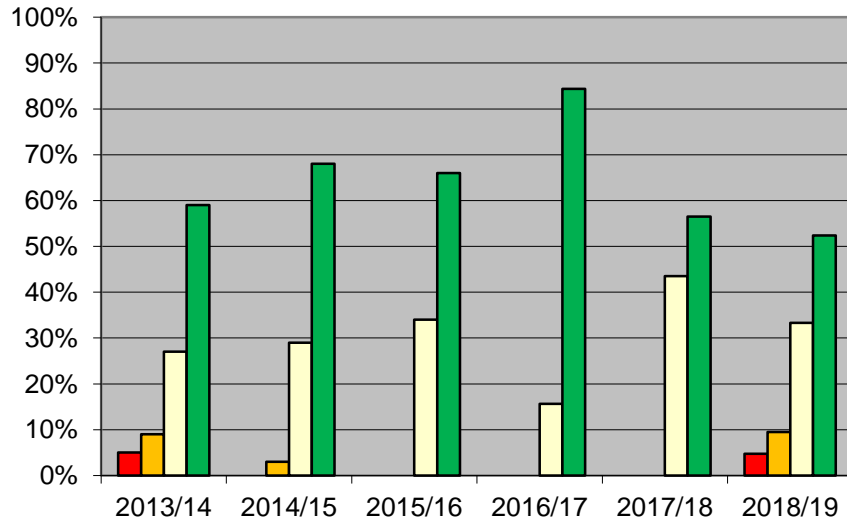
Comparison of respondents' ratings of Auditors' understanding and knowledge of the systems, procedures and key risks of the Audit areas



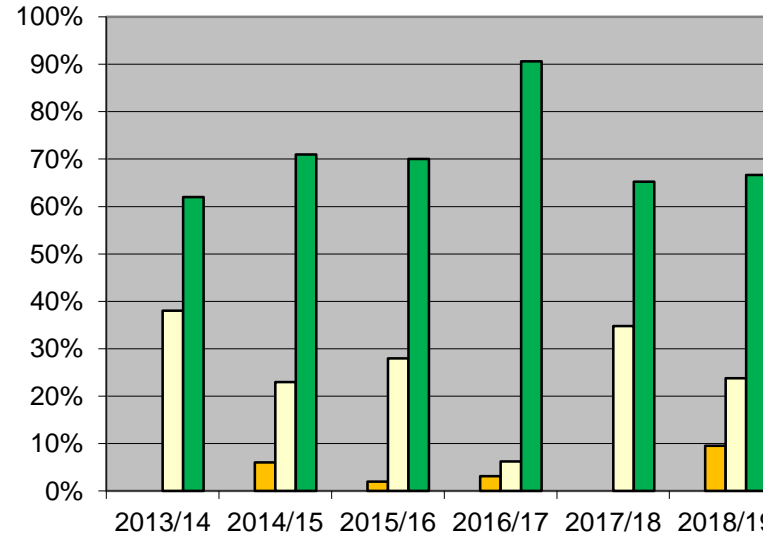
Comparison of respondents' ratings of Auditors' professionalism



Comparison of respondents' ratings of Auditor conduct in terms of minimisation of disruption

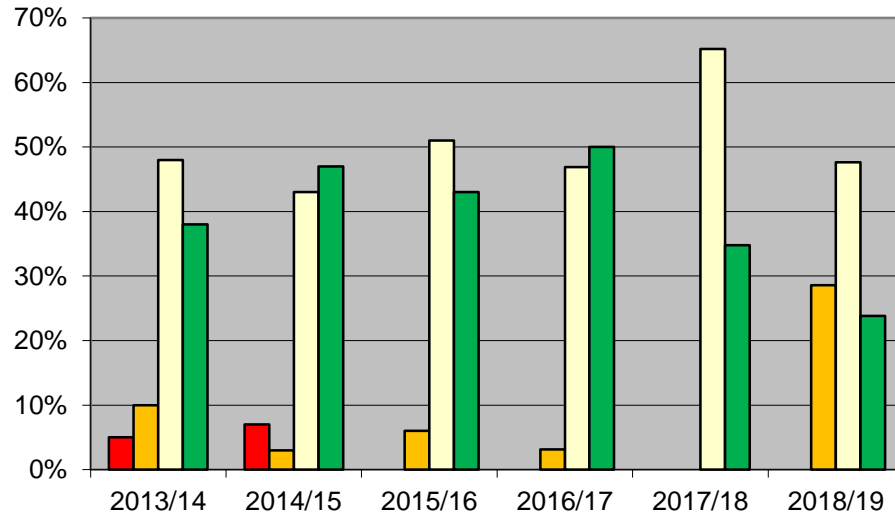


Comparison of respondents' rating of Auditors' communication skills

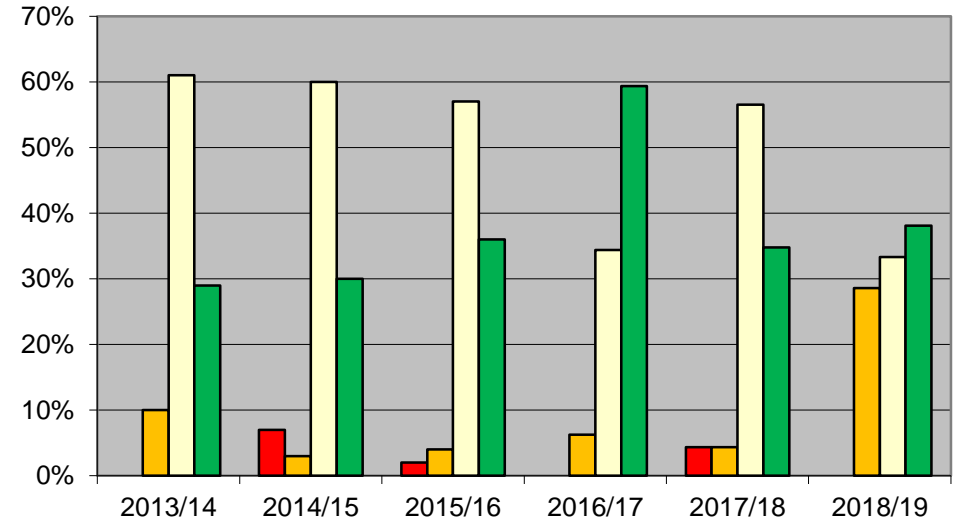


Overall Perception of Value Added and Assurance Provided by the Audit Outcome

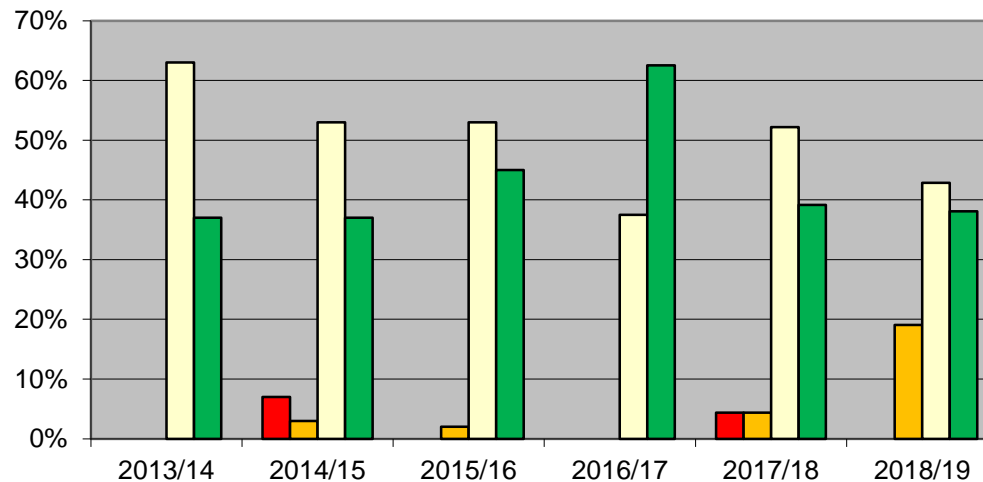
Comparison of respondents' ratings of the Audit Memorandum in terms of its clarity and factual accuracy
















Comparison of respondents' ratings of the value, significance and practicality of findings in the Audit Memorandum













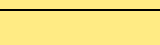











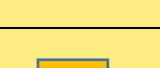
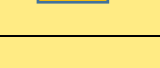
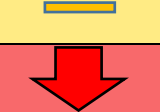

























Comparison of respondents' ratings of the Audit Memorandum in providing assurance of the overall level / adequacy of controls in operation and the proper administration of the areas reviewed by the Audit
















































Summary of Audit Services Reports and Memoranda Issued 2018-19

Audit Area	Audit Location	Previous Level of Assurance	Level of Assurance 2018-19	Direction of Travel
Corporate Activities				
Corporate Projects	CO002 Business Continuity Planning	Qualified	Qualified	
Corporate Projects	VP044 D2N2 LEP	Qualified	Qualified	
Corporate Projects	VP054 Derbyshire CC Development Company	NA	Qualified	
Corporate Projects	VP060 Protection of Staff	NA	Qualified	
IT Governance Reviews	CR007 Information Governance Group & Support	NA	Qualified	
Corporate Fraud Prevention	ZZ908 Special investigation	NA	Other	NA
Corporate Fraud Prevention	ZZ912 Special Investigation	NA	NA	NA
Corporate Fraud Prevention	ZZ913 Special Investigation	NA	NA	NA
Corporate Fraud Prevention	ZZ914 Special Investigation	NA	Other	NA
Corporate Fraud Prevention	ZZ915 Special Investigation	NA	NA	NA
Corporate Fraud Prevention	ZZ916 Special Investigation	NA	Other	NA
Corporate Fraud Prevention	ZZ917 Special Investigation	NA	Other	NA
Corporate Fraud Prevention	ZZ918 Special Investigation	NA	NA	NA
Corporate Fraud Prevention	ZZ919 Special Investigation	NA	Other	NA
Corporate Fraud Prevention	ZZ920 Special Investigation	NA	Other	NA
Corporate Fraud Prevention	ZZ922 Special Investigation	NA	NA	NA
Commissioning, Communities and Policy Department				
Information Security Review	DK111 Learning Management System (CCP)	NA	Qualified	
Information Security Review	DK135 ICT Hardware Collection and Disposal Services (CCP)	NA	Qualified	
Information Security Review	DK157 Committee Management System (CCP)	NA	Qualified	
Information Security Review	DK168 Inputting SAP for Externals (CCP)	NA	Other	
Information Security Review	DK908 Solcase IT Review (CCP)	Limited	Qualified	
Information Security Review	DK917 County Pension System (CCP)	Partial	Qualified	
Information Security Review	DK917 County Pension System (CCP)	NA	Other	
Information Security Review	DK979 Hybrid Mail (CCP)	NA	Qualified	
Information Security Review	DK982 VR-VER IT Database (CCP)	Qualified	Substantial	

Audit Area	Audit Location	Previous Level of Assurance	Level of Assurance 2018-19	Direction of Travel
Probity Compliance Reviews &	DE400 Pensions Administration	Qualified	Qualified	
Probity Compliance Reviews &	DE500 Insurance & Risk Management	Qualified	Qualified	
Probity Compliance Reviews &	DE101 Cash Audit & ISO 27001 Visits	Qualified	Qualified	
Probity Compliance Reviews &	DE101 Cash Audit & ISO 27001 Visits	Qualified	Qualified	
Major Systems	MB100 Human Resources Management	Qualified	Qualified	
Major Systems	MC100 Accounts Payable	Qualified	Substantial	
Major Systems	MD100 Corporate Purchasing	Qualified	Qualified	
Major Systems	ME100 Accounts Receivable	Qualified	Qualified	
Major Systems	MG100 Accountancy & Budgetary Control	Substantial	Substantial	
Major Systems	MK100 Asset Management System	Qualified	Qualified	
Major Systems	ML100 Treasury Management	Substantial	Qualified	
Major Systems	ML100 Funds Management	Qualified	Qualified	
Major Systems	MG101 ABC - Asset Revaluation	No	No	
IT Systems & Infrastructure Reviews	DK888 Bacs Payment System Review (CCP)	Qualified	Qualified	
IT Systems & Infrastructure Reviews	DK888 Bacs Hardware Security Module (HSM) Certificate Incident	NA	Limited	
County Property	DV100 Property Services Review	Limited	Limited	
System Review	CA200 Cheque Production & Printing	No	Limited	
Children's Services Department				
Departmental Review	AA001 Children's Services - Departmental Review	Qualified	Qualified	
IT Systems Testing	DK927 Adult Education IT System (CS)	Substantial	Qualified	
IT Systems Testing	DK928 Youth Offending Case Management System (CS)	Limited	Qualified	
Establishments - Schools	AC002 Ashbourne Primary School	Qualified	Qualified	
Establishments - Schools	AC003 Hilltop Primary and Nursery School	Qualified	Qualified	
Establishments - Schools	AC014 Buxton Junior School	Qualified	Qualified	
Establishments - Schools	AC015 Buxton Infant School	Qualified	Qualified	
Establishments - Schools	AC017 Fairfield Endowed CE VC Junior School	Qualified	Qualified	
Establishments - Schools	AC018 Fairfield Infants and Nursery School	Qualified	Qualified	
Establishments - Schools	AC030 Clifton CE Controlled Primary School	Qualified	Limited	

Audit Area	Audit Location	Previous Level of Assurance	Level of Assurance 2018-19	Direction of Travel
Establishments Schools	- AC031 Curbar Primary School	Qualified	Qualified	
Establishments Schools	- AC039 Duke of Norfolk CE Primary School	Qualified	Qualified	
Establishments Schools	- AC040 St. Luke's CE Controlled Primary School	Qualified	Qualified	
Establishments Schools	- AC059 Hulland CE (Voluntary Controlled) Primary School	Substantial	Qualified	
Establishments Schools	- AC095 Taddington & Priestcliffe CE Aided Primary School	Qualified	Qualified	
Establishments Schools	- AC100 Furness Vale Primary School	Qualified	Limited	
Establishments Schools	- AC109 Bramley Vale Primary School	Qualified	Qualified	
Establishments Schools	- AC127 Brampton Primary School	Qualified	Qualified	
Establishments Schools	- AC135 Hasland Junior School	Qualified	Qualified	
Establishments Schools	- AC139 Hady Primary School	Qualified	Qualified	
Establishments Schools	- AC143 Old Hall Junior School	Qualified	Qualified	
Establishments Schools	- AC158 William Levick Primary School	Qualified	Qualified	
Establishments Schools	- AC177 Killamarsh Junior School	Qualified	Qualified	
Establishments Schools	- AC191 Palterton Primary School	Qualified	Qualified	
Establishments Schools	- AC194 Model Village Primary School	Limited	Qualified	
Establishments Schools	- AC214 Woodthorpe CE Voluntary Controlled Primary School	Qualified	Substantial	
Establishments Schools	- AC218 Town End Junior School	Qualified	Qualified	
Establishments Schools	- AC228 Deer Park Primary School	Qualified	Qualified	
Establishments Schools	- AC239 Swanwick Primary School	Qualified	Substantial	
Establishments Schools	- AC241 St. John's CE Voluntary Controlled Primary School	Limited	Qualified	
Establishments Schools	- AC247 Firfield Primary School	Qualified	Qualified	
Establishments Schools	- AC282 Kensington Junior School	Qualified	Qualified	
Establishments Schools	- AC295 Longmoor Primary School	Qualified	Qualified	
Establishments Schools	- AC301 Grange Primary School	Qualified	Qualified	
Establishments Schools	- AC305 Morley Primary School	Limited	Qualified	

Audit Area	Audit Location	Previous Level of Assurance	Level of Assurance 2018-19	Direction of Travel
Establishments - Schools	AC314 Ambergate Primary School	Qualified	Qualified	
Establishments - Schools	AC327 Mugginton CE Voluntary Controlled Primary School	Qualified	Qualified	
Establishments - Schools	AC329 Aston-on-Trent Primary School	Qualified	Qualified	
Establishments - Schools	AC333 Coton-in-the-Elms CE Controlled Primary School	Qualified	Limited	
Establishments - Schools	AC422 Heath Fields Primary School	Qualified	No	
Establishments - Schools	AC902 Repton Primary School	Limited	Qualified	
New IT System Testing	DK107 Schoolcomms Online Payments (SCH)	NA	Qualified	
New IT System Testing	DK129 2Eskimos (SCH)	NA	Qualified	
New IT System Testing	DK143 Safeguard Software (SCH)	NA	Qualified	
New IT System Testing	DK144 Balance IT System (SCH)	NA	Qualified	
New IT System Testing	DK145 Cornerstone IT System (SCH)	NA	Qualified	
New IT System Testing	DK164 School Asset Management System Every (SCH)	NA	Qualified	
Establishments - Other	AM002 Derbyshire Outdoors Whitehall	Qualified	Qualified	
Operational Projects	AO021 Review of Commissioning & Partnership Working	NA	Qualified	
Operational Projects	AO009 Looked After Children/Care Leavers	Qualified	Qualified	
Operational Projects	AO005 Fostering	Qualified	Qualified	
Operational Projects	AO019 Children at Risk of Missing Education	Qualified	Substantial	
Adult Care Department				
Information Security Review	DK146 Grown Your Own Social Worker - SSD1704 (AC)	NA	Qualified	
Information Security Review	DK153 Autism Self Management and Education Service (AC)	NA	Qualified	
Information Security Review	DK154 Hard of Hearing Service (AC)	NA	Qualified	
Information Security Review	DK154 Hard of Hearing Service (AC)	NA	Qualified	
Information Security Review	DK165 Accommodation Disposal Procedures (CS)	NA	Limited	
Information Security Review	DK172 CTP874 Prevention of Falls Service (AC)	NA	Qualified	
Information Security Review	DK158 Mental Health Awareness Training (PH)	NA	Qualified	
Information Security Review	DK159 Young People's Substance Misuse (PH)	NA	Qualified	

Audit Area	Audit Location	Previous Level of Assurance	Level of Assurance 2018-19	Direction of Travel
Information Security Review	DK167 Falls Prevention: Research and Marketing Campaign CTP882 (PH)	NA	Qualified	
Information Security Review	DK170 Suicide Awareness and Prevention Training (PH)	NA	Qualified	
Establishments Other	BB020 The Grange	Limited	Qualified	
Establishments Other	BB022 Hazelwood Home for Older People	Qualified	Qualified	
Establishments Other	BB024 Holmlea Home for Older People	Qualified	Qualified	
Establishments Other	BB041 Thomas Colledge House	Qualified	Qualified	
Establishments Other	BB045 Whitestones	Qualified	Qualified	
Establishments Other	BB053 Lacemaker Court	Qualified	Qualified	
Establishments Other	BJ001 EcclesFold	Qualified	Substantial	
Establishments Other	BJ010 Hasland Resources Centre	Substantial	Qualified	
Departmental Reviews	BO013 Better Care Funding	Qualified	Substantial	
Operational Projects	BO020 Impact of Welfare Reform	NA	Qualified	
Departmental Reviews	BD001 Public Health Review	Qualified	Qualified	
Economy, Transport and Environment Department				
Departmental Review	HA100 Economy, Transport and Environment	Qualified	Qualified	
Information Security Review	DK138 Externally Hosted Vehicle Management System (ETE)	NA	Qualified	
Information Security Review	DK134 Highway Asset Data Capture Solution (ETE)	NA	Qualified	
Operational Projects	HO021 Public Transport Contracts	NA	Limited	
Operational Projects	HO024 Regeneration	NA	Qualified	
Operational Projects	HO023 Trading Standards	Qualified	Qualified	
Grant Reviews	HO028 Flood Resilience Grant	NA	Other	
Grant Reviews	HO026 Local Transport Capital Funding Grant	NA	Other x 4	