

**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**AUDIT COMMITTEE**

**29 November 2022**

**Report of the Assistant Director of Finance (Audit)**

**Audit Services Unit – Progress Against Audit Plan 2022-23**

**1. Purpose**

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

**2. Information and Analysis**

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

## Operational Matters

- 2.4 Other than elements of the operational reviews of the ICT service, the Unit is progressing well with the delivery of the 2022-23 Audit Plan. The benefits of the enhanced risk-based planning introduced following my appointment, are becoming embedded and enable audit managers to keep upcoming work under review and ensure resources are targeted to those areas most needed. Work has been ongoing since the last progress report to raise the importance of early engagement with Audit Services in respect of Government grant assurance work that is required to review the expenditure in order that it can be certified by the appropriate officer. In a small number of instances, the Unit has been notified of assurance requirements only a few days prior to the submission date.
- 2.5 Recently several meetings have been held with senior management to discuss the gaps in assurance within elements of the Council's ICT operational procedures that will need to be addressed prior to 31 March 2023. The importance of the ICT network and other support services to the delivery of critical Council services cannot be underestimated and is an area of overdue assurance. At the point of writing the report, a review of the Council's ICT network operations is currently being scheduled to commence at the end of November 2022, with the assessment of the on-site server infrastructure due to start early in the New Year.

## Audit Resources

- 2.6 Unfortunately, during the period since the last progress report update to Members on 20 September 2022, another Senior Auditor has notified their intention to leave the Council on 11 December 2022. At the point of writing, discussions are taking place with the Council's Director of Finance & ICT regarding the Senior Auditor vacancies and how these will be managed in the coming months. There is an acknowledgement that the failure to recruit to at least one of these positions in the near future would impact adversely on my ability to produce an annual internal audit opinion for the Council. In accordance with the Public Sector Internal Audit Standards (PSIAS), the Audit Committee will be updated as this matter progresses. On a more positive note:
- A Principal Auditor has returned to work following their period of maternity leave. Whilst the Auditor has reduced their working week from five to three days, their previous experience in the role will be invaluable given the current vacancies

- Another member of the Audit Team has successfully completed their Internal Audit Practitioner apprenticeship, which continues the Unit's long-term commitment to develop audit staff within the service, due the continual recruitment difficulties
- I am starting to see the early benefits of the combined Audit, Insurance and Risk Team that was formed prior to my appointment. I have been working with the teams to create a more holistic approach to the sharing of best practice and information, whilst maintaining the necessary safeguards for audit independence.

### Corporate Governance – Audit Committee guidance

2.7 An updated publication from the Chartered Institute of Public Finance and Accountancy (CIPFA) has been received on Audit Committee practical guidance for local authorities and police; this replaces an earlier 2018 version. The publication is designed to support the audit committee in their role for good governance of the authority and covers the following aspects:

- The purpose of the Audit Committee
- Core functions of an Audit Committee
- Possible wider function of an Audit Committee
- Focus on independence and accountability
- Membership and effectiveness of the Audit Committee
- Requirement for annual review of effectiveness.

The publication will be circulated to all Audit Committee members, with a workshop session to be arranged to support the Committee's review of its effectiveness.

### Audit Days

2.8 At 31 October 2022, a total of 1,573 productive days have been delivered against the pro-rata target of 1,617 days (total planned days for 2022-23 is 2,772).

## **3. Consultation**

3.1 No consultation is required.

## **4. Alternative Options Considered**

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

## **5. Implications**

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

## **6. Background Papers**

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

## **7. Appendices**

7.1 Appendix 1 – Implications.

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

## **8. Recommendations**

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

8.2 That Audit Committee note the content of the CIPFA guidance and the requirement to complete a workshop session.

## **9. Reasons for Recommendation(s)**

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

**Report Author:**

**Dianne Downs**

**Contact details:**

dianne.downs@derbyshire.gov.uk

**Implications**

**Financial**

1.1 None.

**Legal**

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

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

**Human Resources**

3.1 None.

**Information Technology**

4.1 None.

**Equalities Impact**

5.1 None.

**Corporate objectives and priorities for change**

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

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

7.1 None.