

**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**AUDIT COMMITTEE**

**31 January 2023**

**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 December 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 nine months to 31 December 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 Overall, the Unit's progress against the approved plan is generally on track with reasonable coverage across the core financial systems and departmental projects. Positive feedback continues to be received in terms of the revised Audit reporting and steps taken with management to address more lower priority matters as individual audits proceed. This has not only made the file review process more streamlined it also further reduces the impact on senior management team during exit meetings and resources that need to be assigned to action risk, governance, or control weaknesses.
- 2.5 As we enter the final quarter of 2022-23 audit plan, audit management will continue to work with senior management to ensure that reviews are scheduled to minimise operational impacts as far as possible, whilst minimising the number of audits that are not delivered within this period. Whilst envisaged to start at the end of 2022, the ICT network operations review has commenced and preparations are underway to agree the scope of the on-site server infrastructure audit.

## Audit Resources

- 2.6 In the period since the last meeting on 29 November 2022, the Council's Assistant Director [insert full title] has tendered their resignation, and will be leaving the Council on 24 February 2023. Measures have been put in place to help minimise the impact of this departure by ensuring the two Audit Managers are briefed on the service requirements over the coming months. Having provided the management leadership for the Unit prior to the departing officer joining the Council, the Audit Service is confident of maintaining service levels during this transition period.
- 2.7 In line with all service areas across the Council, Audit staffing levels are currently being reviewed as part of the budget saving process. There is continual dialogue with the Interim Director of Finance & ICT to ensure that a robust audit service is maintained, to enable sufficient Audit work to be undertaken to allow the Unit to produce an annual audit opinion in line with the PSIAS. This is drawn from audits across a wide range of activities including fraud investigations, grant certifications, core financial systems reviews, information security/ data protection reviews and service assurance work.

It is important during these challenging times all staff are supported, with procedures in place to maintain their overall wellbeing. In terms of Audit Services:

- Audit staff are provided with an annual MyPlan, which is supported by ongoing management dialogue and formal 1-1 meetings.
- Ongoing training and development opportunities either by the use of the Council's apprenticeship scheme or bite size updates during full team meetings.
- Audit Managers regularly support staff in terms of their wellbeing and continual attendance at work. This is through return to work meetings where applicable, attendance at wellbeing webinars and continual signposting of the Council's wellbeing services.

### Audit Days

2.8 At 31 December 2022, a total of 1,996 productive days have been delivered against the pro-rata target of 2,079 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 December 2022.

**8. Recommendations**

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

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

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

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**Implications**

**Financial**

1.1 None.

**Legal**

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

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

**Human Resources**

3.1 None.

**Information Technology**

4.1 None.

**Equalities Impact**

5.1 None.

**Corporate objectives and priorities for change**

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

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

7.1 None.