

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

19 September 2023

Report of the Assistant Director of Finance (Audit)

Audit Services Unit – Progress Against Audit Plan 2023-24

1. Purpose

- 1.1 To inform Members of the progress against the approved Audit Services Plan for 2023-24 as at 31 July 2023.

2. Information and Analysis

- 2.1 At the meeting of this Committee held on 21 March 2023, Members approved the Audit Services Plan for 2023-24. The Plan was formulated from a risk assessment drawn from a wide range of sources including the Council Plan, the Council's strategic risk register, Departmental risk registers, service plans and meetings with Executive Directors and Directors.
- 2.2 In accordance with the Audit Committee's Terms of Reference this report updates Members on progress against the Plan for the four months to 31 July 2023 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 (2022-23) 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 This is the first progress report for 2023-24. Although only 4 months into the plan period, we are pleased to present to the committee a total of 17 audit reports (11 for 2022-23 and 6 for 2023-24). In addition to the 17 audit reports, we have issued 3 further draft reports (1 for 2022-23 and 2 for 2023-24).
- 2.5 Whilst the number of investigations is currently impacting on the scheduling of reviews, steps are being taken to ensure impact on delivery of the audit plan is minimised. The Assistant Director of Finance (Audit) has met with the Monitoring Officer to ensure investigation work done by Audit Services is correctly allocated. A revised engagement model with senior management is being implemented to better enable audits to be timed accordingly, which will ensure timely delivery of audits in the plan. This includes audit attendance at Departmental Management Team meetings and a key contact within the ICT service team to support for scoping of ICT reviews and the coordination of recommendation actions.

Audit Resources

- 2.6 The Audit Plan for 2023-24 was approved with a reduction in staffing levels as part of wider budget saving measures, with two posts (Senior Auditor & Auditor) removed from the structure. At that time, both a Senior Auditor post and the Assistant Director of Finance (Audit) were vacant.
- 2.7 In June 2023, an internal appointment was made to the Senior Auditor position, which has created a vacancy at the Auditor level. In the same period, the Audit Clerk, who also undertook a number of audit duties, has left the Council and this post is currently being kept vacant. A decision will be made later in the year on the approach to filling the vacancies. On 31 July 2023, Mark Lunn started in the role of the Assistant Director of Finance (Audit).

Audit Days

- 2.8 At 31 July 2023, a total of 694 productive days have been delivered which is below the anticipated 779, however the reasons for the shortfall in productive days within this period mainly includes staff vacancies, the completion of staff training and PDRs. Whilst this equates to 11% of the total number of productive days, we do not anticipate that this will impact on the ability to deliver the annual Head of Internal Audit Opinion in the Annual Report.

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.

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Audit Services Progress Report up to 31 July 2023.

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 Council Plan Refresh 2023-25 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.