

Audit Services Unit Progress Against Audit Plan 2023-24 31 October 2023

Mark Lunn
Assistant Director of Finance (Audit)

Background to the Progress Report

At the Audit Committee meeting held on 21 March 2023, Members approved the Audit Services Plan for 2023-24, which had been formulated from our risk assessment using a wide range of sources including:

- the Council Plan
- the Council's Strategic Risk Register
- Departmental Risk Registers
- Service Plans
- meetings with Executive Directors and Directors.
(Including Managing Director (Head of Paid Service), Director of Finance & ICT (Section 151 Officer) and Director of Legal and Democratic Services (Monitoring Officer).

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 October 2023 and represents work undertaken during this period which is detailed in **Appendix 1**. An analysis of the priority criteria for Audit recommendations and assurance levels is also included in **Appendix 1**.

In common with previous years, elements of work forming part of last year's approved Audit Services Plan were completed and reported in the current year. Where appropriate, Audit staff routinely follow up progress against agreed recommendations as part of subsequent work, in the area under review.

All work undertaken by Audit Services is conducted in accordance with the standards required by the Public Sector Internal Audit Standards (PSIAS) and in conformance with the International Standards for the Professional Practice of Internal Auditing. The work of the Unit complies with the Council's Audit Charter, Internal Audit Strategy and Quality Assurance and Improvement Programme which are subject to regular review.

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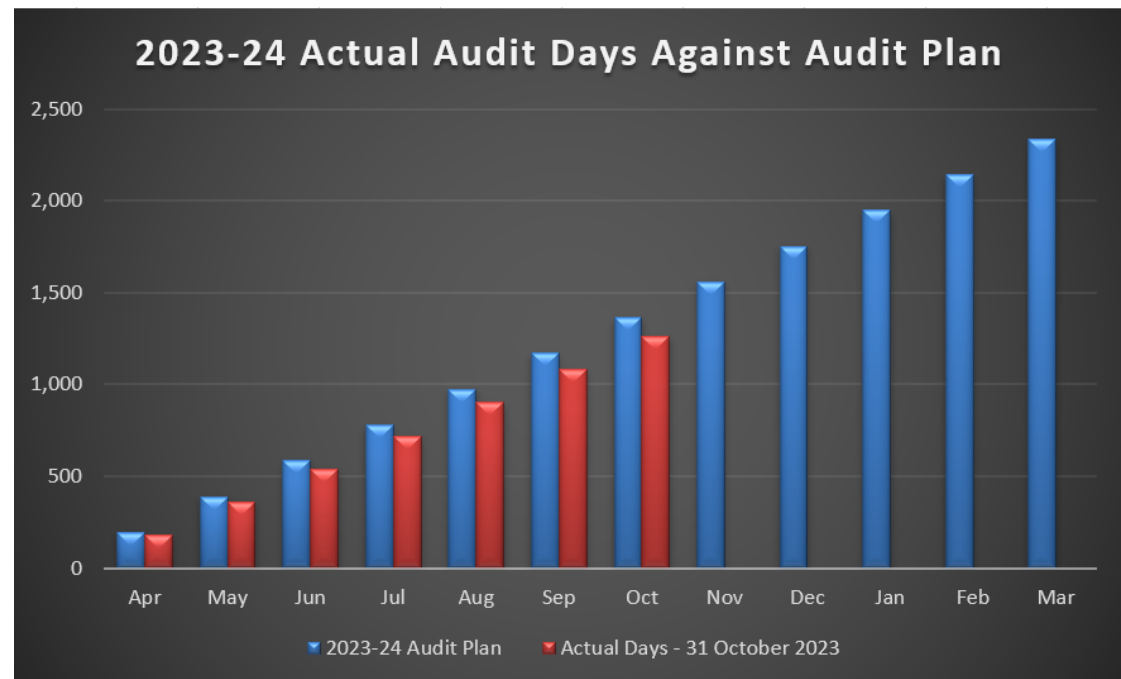
Current Progress

This progress report takes the Unit up to seven months into the delivery of the Approved Plan for 2023-24. Whilst the team has continued to work through assigned reviews, audit staff have started to encounter challenges in arranging the scoping and timing of audits across all departments. Over the last couple of months, meetings have been held with Executive Directors and departmental management team meetings have been attended, to ensure that access to service areas can be scheduled to deliver the reviews. Whilst departments on the whole are engaging with audit to accommodate this work, the situation is starting to become more acute as we head towards the end of 2023, as it is not practical to deliver a disproportionate amount of the Plan in the final quarter of 2023-24.

Over the past seven months the Audit Team have issued a total of 32 final audit reports with senior management responses (18 for 2022-23 and 14 for 2023-24) and 5 letters. In addition to the final audit reports, we have issued 5 further draft reports for 2023-24.

Areas where the Audit team are a good way through the fieldwork for the 2023-24 reviews that should feature on the next progress report include:

- Ukraine Family Support
- Public Health
- Adult Community Education
- Regeneration
- IT Governance Arrangements
- Review of Capital
- Agency Governance Arrangements
- Pensions and Funds Management.



The current Audit performance against the 2023-24 approved Plan is shown below:

| Overall Performance | 2022-23 | 2023-24 | All Opinions | 2022-23 | 2023-24 |
|--|---------|---------|----------------------------|---------|---------|
| Days within the Approved Audit Plan | 2,772 | 2,337 | Substantial | 13 | 4 |
| Actual days delivered to date | 2,633 | 1,263 | Satisfactory | 39 | 19 |
| Percentage of Audit days delivered | 95% | 54% | Limited | 9 | 5 |
| Total Number of Reports and Letters issued | 86 | 37 | No | 0 | - |
| Final Reports/Letters issued since last Progress Report (1 st August – 31 st October 2023) | 11 | 15 | Others (including letters) | 24 | 9 |
| Draft Reports issued awaiting management response (1 st August – 31 st October 2023) | 2 | 7 | Total | 86 | 37 |
| | | | | | |

Whilst the actual days currently delivered 1,263 is again below the expected target of 1,363, the reasons for the shortfall remain consistent with those outlined in the previous Progress Report. Mainly staff vacancies, completion of staff training and unequal use of leave through the summer months. Whilst I do not consider the available audit resource will restrict the coverage of the Audit Plan at this point, steps have been taken to limit the potential for the audit days delivered to deteriorate further. These include:

- Introduction of a new agile 'Terms of Reference' for use in the majority of audit reviews. This should aid management engagement in the scoping and delivery of individual audits.
- A phased implementation of a revised audit recommendation tracking tool within the Council's Microsoft Teams structure. The new streamlined approach will provide departmental managers with up-to-date information on previous and current recommendations including implementation dates. This functionality will enable easier and quicker monitoring across all departmental management teams, and once fully embedded, will enhance reporting and responsible officer accountability to the Audit Committee.
- Subtle changes to the programming of assigned work within the audit team. This provides all audit staff with enhanced autonomy to manage their audit reviews and deliver clearer accountability for the outcomes.

As mentioned previously, there will likely be additional operational improvements delivered in the first quarter of 2024 as action is taken to address findings of the External Quality Assessment (EQA). Detailed analysis of Audit work is included in the Audit Resources and Activities section below (pages 8 - 16) with a summary of work against the agreed annual plan provided in **Appendix 1**.

Summary of Audit Opinions (Reports Issued up to 31 October 2023)

| | Corporate Activities | | Corporate Services and Transformation | | Children’s Services | Adult Social Care & Health | | Place |
|-----------------------------------|---|---------------------------|--|------------------------------|---|---------------------------------------|--------------------|---|
| Completion of 2022-23 Reviews | Climate Change | | ICT Asset Management | | Starting Point | Direct Payments | | Departmental Review |
| | | | E-Recruitment Review | | The Willows (Children’s Home) | Best Life Derbyshire | | Public Transport & Taxi Contracts |
| | | | BACS Payment System Review | | | Departmental Review | | Countryside Management |
| | | | Accountancy and Budgetary Control | | | Mosaic Client Management System | | |
| | | | County Procurement | | | | | |
| Priority Reviews (2023-24) | D2N2 LEP | | Departmental Review | | External Grants | Public Health | | Fleet Services |
| | Agency Governance Arrangements | | Property Contractor Management | | Supporting Families Programme | Administration of Care Establishments | | Derbyshire Records Office & Records Management |
| | Modern Ways of Working | | Ukraine Family Support | | Thematic School Reviews | External Grants | | Regeneration |
| | Workforce Development | | External Grants | | Management of Service Demands | Safeguarding Adults | | External Grants |
| | Delivery & Commissioning/ Partnership Working | | Capital Accounting | | Children in Care Placements | Quality Assurance Framework | | Inspection and Control of Highway Assets |
| | Corporate Culture | | HMRC Compliance | | Children’s Homes | Departmental Review | | Public Library Service |
| | Customer Complaints and Enquiries Process | | Property Services Review | | Traded Services | | | Concessionary Fares |
| | Project Management Office | | Insurance and Risk Management | | Departmental Review | | | Departmental Review |
| | East Midlands Freeport | | Business Continuity Planning- Corporate Response | | | | | |
| | County Deals | | | | | | | |
| Departmental IT Systems (2023-24) | IT Governance | | DBS Employment Check | | Adult Education IT System | Imprest System (Phoenix System) | | Library Booking System |
| | Data Governance | | Website Development | | Early Years and Education Management Information System | Mosaic Client Management System | | Fleet Management System |
| | | | Electronic Income & PCI Compliance | | School Management Information System (RM Integris) | Derbyshire Shared Care Record | | Waste Management Accounting System |
| | | | Imprest & GC5 System | | | | | |
| | | | Business Continuity Planning- ICT | | | | | |
| | | | Cloud Future Assessment | | | | | |
| | | | E-Procurement | | | | | |
| | | | SAP System & Processes | | | | | |
| Resource Led Reviews (2023-24) | | | Registration Services | | 4 Secondary School Audits | Castle Court HOP | | Trading Standards |
| | | | Council & Business Rates Administration | | Adult Community Education | Direct Care | | Public Transport & Taxi Contracts |
| | | | Health, Safety & Wellbeing | | Special Educational Needs | | | Review of Waste Management |
| | | | | | Looked After Children / Care Leavers | | | |
| | | Management of S106 Income | | | | | | |
| Key Financial Systems (2023-24) | HR Management | Accounts Payable | Accounts Receivable | County Procurement | LGPS Central Audit (External Body Audit) | Pensions and Funds Administration | | Accountancy, Budgetary Control and Financial Resilience |
| IT & IS Reviews (2023-24) | Network Infrastructure Review | | | Server Infrastructure Review | | BACS Payment System Review | | Corporate Database Review |
| Audit Opinions | Substantial | | Satisfactory | Limited | No | Review being Scheduled | Review in Progress | Review Nearly Complete |

Audit Resources and Activities

Following the Council's announcement on the budget pressures and need to control its expenditure, including a freeze on recruitment, the Audit structure will remain at its current level for the immediate future. Beyond this point, it is not possible to provide any assurance on the level of resources until the outcome of the 2024-25 budget planning process has been completed, and the Council is aware of future funding deficits that may need to be addressed. Currently, the recent transition to a more agile and risk-based audit plan together with the revised operational changes that have been recently implemented within the team, should ensure that we maximise the available audit resource. However, should I consider that the audit resource is not sufficient to provide an opinion on the Council's control, risk and governance frameworks, I will ensure this matter is raised directly with the Audit Committee, Senior Management and Director of Finance in his role as the Section 151 Officer.

Performance Indicators (PIs)

Details of the current outcomes for the 2023-24 Audit Plan up to 31 October 2023, are summarised at **Appendix 3** together with previous years' activities to enable comparison. One of the areas that the upcoming EQA brief will consider is the Unit's current set of PIs compared to those of our sector peers, this should enhance monitoring of the audit service, thereby providing the Audit Committee with a richer understanding of the efficiency within the Audit team. It is my aim to have a revised suite of PIs available to discuss with the Chair of Audit for implementation as part of the 2024-25 Audit Plan.

External Quality Assessment (EQA)

Significant work has been undertaken within the Audit team to prepare for the EQA, with the gathering of background information and coordination of meetings with senior officers and the external assessor. With the majority of the fieldwork scheduled to be completed by the middle of December, the final report should be released shortly afterwards. As mentioned previously at the Audit Committee, the IIA assessment will not only contain a review of the Unit's conformance with the IIA International Standards, but as importantly provide suggestions for improvement and development of the Audit service.

Grant Administration

Audit staff have been working with the Cabinet Office to support enhancements to the online 'Spotlight' system used across the public sector to inform due diligence checks. Whilst the Council is not currently making full use of the system or its functionality, it is hoped that departments will support Audit staff in deploying the system across service areas that receive various Government grants. The ability to undertake individual or group checks on organisations and individuals in receipt of grant monies, should significantly support the assurance work undertaken by Internal Audit and provided improved transparency.

Detailed Analysis - Corporate Activities

| Departmental Performance | 2022-23 | 2023-24 | Departmental Opinions | 2022-23 | 2023-24 |
|--------------------------------------|---------|---------|---------------------------|---------|---------|
| Days within the Approved Audit Plan | 1,000 | 934 | Substantial | 2 | - |
| Actual days delivered to date | 1,007 | 527 | Satisfactory | - | 2 |
| Percentage of Audit Days Delivered | 100% | 56.4% | Limited | - | 1 |
| Number of Reports and Letters issued | 15 | 11 | No | - | - |
| | | | Other (including letters) | 12 | 8 |

Outcome reported to the Audit Committee on 19 September 2023

- Climate Change (2022-23) Satisfactory Assurance Report Issued

Audit Investigations

A number of Audit Investigations are currently ongoing and, whilst time is budgeted for as part of the Annual Audit Plan, this has an impact on the ability to deliver other elements of the internal audit plan. Audit Services have issued a further 4 reports in the period since the last progress report which identify areas where the Council's control framework could be strengthened and improved in order to prevent against and detect potential activities in the future.

Audits in Progress

- Agency Governance Arrangements Work in Progress
- IT Governance Review Work in Progress

Detailed Analysis - Corporate Services and Transformation

| Departmental Performance | 2022-23 | 2023-24 | Departmental Opinions | 2022-23 | 2023-24 |
|-------------------------------------|---------|---------|---------------------------|---------|---------|
| Days within the Approved Audit Plan | 660 | 690 | Substantial | 5 | 2 |
| Actual days delivered to date | 555 | 326 | Satisfactory | 8 | 5 |
| Percentage of Audit Days Delivered | 84.1% | 47.2% | Limited | 2 | 1 |
| Number of Reports Issued | 17 | 9 | No | - | - |
| | | | Other (including letters) | 2 | 1 |

Outcome reported to the Audit Committee on 19 September 2023

- Accountancy & Budgetary Control (2022-23) – 2 Reports – 1 Substantial and 1 Satisfactory Assurance
- BACS Payment System (2022-23) Satisfactory Assurance Report Issued
- ICT Asset Management (2022-23) Satisfactory Assurance Report Issued
- County Procurement (2022-23) Limited Assurance Report Issued

Corporate Services and Transformation Departmental Review 2023-24 - Satisfactory Assurance Report Issued

This review assessed the Department's arrangements in respect of regulatory and legislative compliance, management and administration, budgetary control, risk management, human resources and ISO27001 compliance. Overall, most areas tested were found to be satisfactory, with governance arrangements aligned with the Council's Constitution and a framework for decision making. There is, however, a need to ensure that risk is actively considered as part of the Department's business as usual activities and the process for the setting, recording and approval of Departmental fees and charges is formalised.

E-Recruitment System - Satisfactory Assurance Report Issued

The scope of the Audit was to evaluate the adequacy and effectiveness of systems, risk mitigations and the control environment associated with the system's use. Overall, the review identified that there was evidence of good practice in

relation to adherence to legal requirements and professional standards. Improvements are required to strengthen the current data sharing arrangements, monitoring of third-party system access and disaster recovery procedures.

✓ Accounts Receivable - Substantial Assurance Report Issued

The Audit evaluated the adequacy and effectiveness of systems, risk mitigations and control environment associated with invoice production, debt management, suspense accounts and income collection. The Accounts Receivable function was found to be operating well in the majority of areas tested, with month end packs providing management with an oversight of daily operations within the team, the current debt position and performance against targets. As with previous years, no high priority recommendations have been raised

Support and Advice Work

In addition to our programme of Audits, the Unit assists Management with the provision of ongoing support, advice, attendance at various meetings including those with Departmental staff and project boards. Audit staff promote the principles of good governance and control frameworks. Key groups attended in this period included:

- | | | |
|--------------------------|---------------------------|------------------------------------|
| ✓ Corporate Governance | ✓ Data Protection Working | ✓ SAP Implementation Project Board |
| ✓ Information Governance | ✓ Finance Officers' | ✓ Asset Optimization Project |

Audits in Progress

- | | |
|--------------------------------------|------------------------------|
| • eProcurement IT system Review | Currently being scheduled |
| • Software Licensing | Currently being scheduled |
| • HM Revenue & Customs Compliance | Currently being scheduled |
| • Property Contractor Management | Work in Progress |
| • Ukraine Family Support | Work in Progress |
| • Capital Accounting | Work in Progress |
| • Pensions and Funds Management | Work in Progress |
| • Business Continuity Planning – ICT | Work in Progress |
| • Web Site Development | Awaiting management response |
| • Human Resources Management | Awaiting management response |
| • Electronic Income & PCI Compliance | Awaiting management response |

Detailed Analysis – Children’s Services

| Departmental Performance | 2022-23 | 2023-24 | Departmental Opinions | 2022-23 | 2023-24 |
|-------------------------------------|---------|---------|---------------------------|---------|---------|
| Days within the Approved Audit Plan | 487 | 285 | Substantial | 2 | 1 |
| Actual days delivered to date | 476 | 168 | Satisfactory | 9 | 6 |
| Percentage of Audit Days Delivered | 97.7% | 58.9% | Limited | 4 | 1 |
| Number of Reports Issued | 22 | 8 | No | - | - |
| | | | Other (including letters) | 7 | - |

Outcome reported to the Audit Committee on 19 September 2023

- Starting Point (2022-23) Satisfactory Assurance Report Issued
- Schools – 2 Satisfactory Assurance Reports Issued
- Adult Education IT System – Satisfactory Assurance Report Issued
- Holiday Activities and Food Grant – Limited Assurance Report Issued



Schools - 2 Satisfactory Assurance Reports Issued

Audit visits were made to two secondary schools to evaluate governance arrangements, human resources, property and information security. Audit Services provided both schools with satisfactory assurance over the adequacy and effectiveness of their control environment.

Support and Advice Work

- ✓ Completion of assurance work in respect of the Youth Offending Service Police Commissioner’s grant.
- ✓ Provision of monthly assurance work as part of the Supporting Families submissions.

Audits in Progress

- | | |
|---|----------------------------|
| • Early Years and Education Management Information System | Early stages of the review |
| • Adult Community Education | Work in Progress |
| • Thematic School Reviews (Safeguarding) | Work in Progress |

Detailed Analysis – Adult Social Care and Health

| Departmental Performance | 2022-23 | 2023-24 | Departmental Opinions | 2022-23 | 2023-24 |
|-------------------------------------|---------|---------|---------------------------|---------|---------|
| Days within the Approved Audit Plan | 395 | 245 | Substantial | 3 | 1 |
| Actual days delivered to date | 421 | 102 | Satisfactory | 19 | 3 |
| Percentage of Audit Days Delivered | 106.6% | 41.6% | Limited | 1 | 1 |
| Number of Reports Issued | 25 | 5 | No | - | - |
| | | | Other (including letters) | 2 | - |

Outcome reported to the Audit Committee on 19 September 2023

- Direct Payments (2022-23) Substantial Assurance Report Issued
- Departmental Review (2022-23) Satisfactory Assurance Report Issued
- Mosaic Client Management Satisfactory Assurance Report Issued



Best Life Derbyshire (2022-23) - Satisfactory Assurance Report Issued

The Audit evaluated the adequacy and effectiveness of governance arrangements, risk management, performance monitoring and reporting within the programme. Overall, most procedures were found to be operating effectively, with a small number of recommendations raised in relation to improvements in the risk and financial management arrangements.



Phoenix Replacement System - Limited Assurance Report Issued

The scope of the Audit was to evaluate the arrangements for the migration process, user acceptance testing, governance procedures and revised control framework for the replacement system. Although existing debt workflow and Department of Work and Pensions (DWP) processes did not identify any adverse issues, improvements are required in other key areas. Fundamental to the effectiveness of the new solution, is the ability to have access to exception and 'business as usual' reporting based on current datasets. At the conclusion of the review, a significant number of these reports were not

available including 2 'showstoppers' and 14 identified as 'urgently needed'. The stability of the IT system is also at risk as a core IT system that processes client transactions from the Phoenix application, is currently operating on old technology that could fail at any point.

Audits in Progress

- | | |
|--------------------|-----------------------------------|
| • Public Health | Draft Report to be issued shortly |
| • Mosaic IT system | Work in Progress |

Detailed Analysis – Place

| Departmental Performance | 2022-23 | 2023-24 | Departmental Opinions | 2022-23 | 2023-24 |
|-------------------------------------|---------|---------|---------------------------|---------|---------|
| Days within the Approved Audit Plan | 230 | 183 | Substantial | 1 | - |
| Actual days delivered to date | 174 | 143 | Satisfactory | 3 | 3 |
| Percentage of Audit Days Delivered | 75.7% | 78.1% | Limited | 2 | 1 |
| Number of Reports Issued | 7 | 4 | No | - | - |
| | | | Other (including letters) | 1 | - |

Outcome reported to the Audit Committee on 19 September 2023

- Departmental Review (2022-23) Satisfactory Assurance Report Issued
- Public Transport & Taxi Contracts (2022-23) Satisfactory Assurance Report Issued



Countryside Management (2022-23) - Limited Assurance Report Issued

The review of the Countryside Service, which has responsibility for 123 Countryside sites including woodlands, canals, parks and reservoirs, evaluated the adequacy and effectiveness of systems, risk mitigations and control environment associated with the service provision. Whilst a new strategy had been developed for the service that included initiatives to increase income, the failure to maintain a structural assets risk register places the Council at an increased risk that assets will not be subject to scheduled maintenance/ inspections, increasing the potential for public injury or reduced asset lifespan. The training and core induction for Countryside volunteers was flagged as an area that requires a refresh to ensure that volunteers are clear on their role and acknowledge the training and resources provided.



Fleet Services - Satisfactory Assurance Report Issued

The Audit assessed a number of areas including the effectiveness of the governance framework in place, income generation and the processes to maintain vehicles. The review identified the Fleet Services team was operating effectively in many of the areas reviewed. There may however, be opportunities to centralise the Council's fleet

management service to enhance accountability and delivery efficiencies. A review of the financing arrangements for vehicles is timely given the current changes in interest and borrowing rates.

Support and Advice Work

- ✓ Providing support to the Multiply Funding Project Board.

Audits in Progress

- | | |
|--------------------------|---|
| • Trading Standards | Currently in the process of being scheduled |
| • Library Booking System | Awaiting management responses |
| • Regeneration | Awaiting management responses |

Appendix 1 - Progress Against the 2023-24 Audit Plan and Completion of 2022-23 Audit Plan

Below provides the audit committee with the time audit has spent in delivery of the 2023-25 Audit Plan up to 31st October 2023:

| Name | Actual Days | | Previous Assurance | Current Assurance | Direction of Travel | Analysis of Recommendations | | | | Previous Recs Not Implemented | Comments | |
|---|-------------|-------|--------------------|---|---------------------|-----------------------------|------|--------|-----|-------------------------------|---|--|
| | 22-23 | 23-24 | | | | Critical | High | Medium | Low | | | |
| Corporate Activities – The 2023-24 Audit Plan included an allocation of 934 days over the following areas | | | | | | | | | | | | |
| Corporate Projects | | | | | | | | | | | | |
| Climate Change | 9 | - | Satisfactory | Satisfactory | ↔ | - | - | 5 | 4 | 1M | Report relates to 2022-23 Audit | |
| Modern Ways of Working | - | 2 | - | - | - | - | - | - | - | - | | |
| Asset Optimisation (Corporate Landlord) | - | 1 | - | - | - | - | - | - | - | - | | |
| IT Governance | - | 11 | - | - | - | - | - | - | - | - | | |
| Data Governance | - | 1 | - | - | - | - | - | - | - | - | | |
| Agency Governance Arrangements | - | 12 | - | - | - | - | - | - | - | - | Additional Audit added to the approved plan | |
| Corporate Governance | | | | | | | | | | | | |
| Embedding Corporate Governance | - | 16 | - | - | - | - | - | - | - | - | | |
| Information Governance Group & Support | - | 5 | - | - | - | - | - | - | - | - | | |
| Data Protection Group & Support | - | 3 | - | - | - | - | - | - | - | - | | |
| Audit Committee & Support | - | 8 | - | - | - | - | - | - | - | - | | |
| Corporate Fraud Arrangements | | | | | | | | | | | | |
| National Fraud Initiative | - | 42 | - | - | - | - | - | - | - | - | | |
| RIPA Management & Admin | - | 14 | - | - | - | - | - | - | - | - | | |
| Counter Fraud and Audit Investigations | - | 279 | - | 1 x Satisfactory 1 x Limited 4 x Reports 4 x Letters | - | - | 11 | 9 | - | - | | |
| Strategic Management | | | | | | | | | | | | |
| Strategic Management Incl. Audit Case Management System | - | 119 | - | - | - | - | - | - | - | - | | |
| Strategic Management (Risk) | - | 5 | - | - | - | - | - | - | - | - | | |
| Corporate Activities Total | 9 | 518 | 1 x Satisfactory | 2 x Satisfactory 1 x Limited 4 x Reports 4 x Letters | - | - | 11 | 14 | 4 | 1M | | |

| Name | Actual Days | | Previous Assurance | Current Assurance | Direction of Travel | Analysis of Recommendations | | | | Previous Recs Not Implemented | Comments | |
|---|-------------|-------|--------------------|-------------------|---------------------|-----------------------------|------|--------|-----|-------------------------------|---|--|
| | 22-23 | 23-24 | | | | Critical | High | Medium | Low | | | |
| Corporate Services and Transformation Department - The 2023-24 Audit Plan included an allocation of 690 days over the following areas | | | | | | | | | | | | |
| Departmental Review - Management & Administration (CST) | | | | | | | | | | | | |
| Corporate Services and Transformation Departmental Review | - | 20 | Satisfactory | Satisfactory | ↔ | - | 1 | 3 | 1 | 1M, 3L | | |
| CST Themed and Operational Reviews | | | | | | | | | | | | |
| Business Continuity Planning - ICT | - | 8 | - | - | - | - | - | - | - | - | | |
| CST Dept. IT Systems | | | | | | | | | | | | |
| SAP System & Processes | - | 6 | - | - | - | - | - | - | - | - | | |
| Bacs Payment System Review | 15 | - | Satisfactory | Satisfactory | ↔ | - | - | 5 | - | 3M | Report relates to 2022-23 Audit | |
| E-Recruitment Review | 11 | - | Satisfactory | Satisfactory | ↔ | - | 3 | 3 | - | 1H, 2M | Report relates to 2022-23 Audit | |
| Web Site Development | - | 24 | - | - | - | - | - | - | - | - | | |
| ICT Asset Management | 7 | - | N/A | Satisfactory | ↔ | - | 3 | 5 | - | - | Report relates to 2022-23 Audit | |
| ➤ Electronic Income & PCI Compliance | - | 11 | - | - | - | - | - | - | - | - | | |
| ➤ Imprest & GC5 System | - | 27 | - | - | - | - | - | - | - | - | | |
| ➤ Cloud Future Assessment | - | 7 | - | - | - | - | - | - | - | - | Additional Audit added to the approved plan | |
| CST IS Contracts, Processes and General | | | | | | | | | | | | |
| Software Licensing | - | 3 | - | - | - | - | - | - | - | - | | |
| IT Hardware Disposal | - | 2 | - | - | - | - | - | - | - | - | | |
| CST IT/IS General Support | - | 13 | - | - | - | - | - | - | - | - | | |
| Divisional Activity – Core Financial Systems (CST) | | | | | | | | | | | | |
| Core Financial Systems – General Queries | - | 4 | - | - | - | - | - | - | - | - | | |
| Human Resources Management | - | 41 | - | - | - | - | - | - | - | - | | |
| Corporate Purchasing | 1 | - | Satisfactory | Limited | ↓ | - | 3 | 3 | 3 | 1H, 2M, 2L | Report relates to 2022-23 Audit | |
| Accounts Receivable | - | 29 | Substantial | Substantial | ↔ | - | - | - | 2 | 1L | | |





| Name | Actual Days | | Previous Assurance | Current Assurance | Direction of Travel | Analysis of Recommendations | | | | Previous Recs Not Implemented | Comments | |
|---|-------------|------------|---|--|---------------------|-----------------------------|-----------|-----------|----------|-------------------------------|---|--|
| | 22-23 | 23-24 | | | | Critical | High | Medium | Low | | | |
| Accountancy, Budgetary Control and Financial Resilience | 5 | - | 2 x Substantial | 1 x Substantial 1 x Satisfactory | ↓ | - | 1 | 5 | 2 | 1M, 1L | Report relates to 2022-23 Audit | |
| Capital Accounting | - | 10 | - | - | - | - | - | - | - | - | Additional Audit added to the approved plan | |
| Pensions & Funds Administration | - | 28 | - | - | - | - | - | - | - | - | | |
| LGPS Central | 3 | - | - | - | - | - | - | - | - | - | Review of External Body | |
| Divisional Activity – Probity and Compliance (CST) | | | | | | | | | | | | |
| HM Revenue & Customs Compliance | - | 2 | - | - | - | - | - | - | - | - | | |
| Financial Regulations & Standing Orders | - | 3 | - | - | - | - | - | - | - | - | | |
| Officers Travel | 10 | - | N/A | Letter | - | - | - | - | - | - | | |
| Divisional Activity – County Property Division (CST) | | | | | | | | | | | | |
| Property Contractor Management | - | 15 | - | - | - | - | - | - | - | - | | |
| External Grants, Certifications and Assurance Work | | | | | | | | | | | | |
| CST Departmental Grants & Certifications | - | 5 | - | - | - | - | - | - | - | - | | |
| Ukraine Family Support | - | 4 | - | - | - | - | - | - | - | - | | |
| D2N2 LEP | - | 12 | - | - | - | - | - | - | - | - | | |
| Departmental Total | 52 | 274 | 3 x Substantial 4 x Satisfactory | 2 x Substantial 5 x Satisfactory 1 x Limited 1 x Letter | - | - | 11 | 24 | 8 | 2H, 9M, 7L | | |

| Name | Actual Days | | Previous Assurance | Current Assurance | Direction of Travel | Analysis of Recommendations | | | | Previous Recs Not Implemented | Comments | |
|--|-------------|-------|--------------------|--|---------------------|-----------------------------|------|--------|-----|-------------------------------|--|--|
| | 22-23 | 23-24 | | | | Critical | High | Medium | Low | | | |
| Children’s Services – The 2023-24 Audit Plan included an allocation of 285 days over the following areas | | | | | | | | | | | | |
| Departmental Review – Management & Administration (CS) | | | | | | | | | | | | |
| Children’s Services – Departmental Review | - | 1 | - | - | - | - | - | - | - | - | (General support) | |
| External Grants, Certifications and Assurance Work | | | | | | | | | | | | |
| CS Department Grants and Certifications | - | 30 | N/A | Limited | ↔ | - | 1 | - | 1 | - | Holiday Activities and Food Grant YOS Commissioner’s Grant Youth Justice Board Grant | |
| Schools Financial Value Standard (SFVS) Returns | - | 4 | N/A | N/A | - | - | - | - | - | - | | |
| Supporting Families Programme | - | 44 | - | - | - | - | - | - | - | - | 3 Submissions | |
| Operational Reviews (CS) | | | | | | | | | | | | |
| Starting Point | 1 | - | Satisfactory | Satisfactory | ↔ | - | 2 | 4 | 3 | 1H, 1M | Report relates to 2022-23 Audit | |
| Primary Schools / Childrens Homes | | | | | | | | | | | | |
| Thematic School Reviews | - | 15 | - | - | - | - | - | - | - | - | | |
| Primary School General Queries | - | 15 | - | - | - | - | - | - | - | - | | |
| The Willows (Peak School Chinley) | 1 | - | Satisfactory | Satisfactory | ↔ | - | 1 | 2 | 1 | 1M, 1L | Report relates to 2022-23 Audit | |
| CS IT Systems | | | | | | | | | | | | |
| Early Years and Education Management Information System | - | 3 | - | - | - | - | - | - | - | - | | |
| Adult Education IT System | 1 | - | N/A | Satisfactory | ↔ | - | - | 3 | - | - | | |
| CS IT/IS General Support | - | 2 | - | - | - | - | - | - | - | - | | |
| Resource Led Reviews | | | | | | | | | | | | |
| Adult Community Education | - | 4 | - | - | - | - | - | - | - | - | | |
| Chapel-en-le-Frith High School | - | 12 | Satisfactory | Satisfactory | ↔ | - | 3 | 10 | 6 | 2H, 5M, 2L | | |
| Whittington Green School | - | 11 | Satisfactory | Satisfactory | ↔ | - | 2 | 9 | - | 2H, 2M, 4L | | |
| Dronfield Henry Fanshawe School | - | 11 | Satisfactory | Substantial | ↑ | - | - | 1 | 2 | 1L | | |
| Tibshelf Community School - A Specialist Sports College | - | 10 | Satisfactory | Satisfactory | ↔ | - | 4 | 4 | 1 | 1H, 2M | | |
| Total | - | 48 | 4 x Satisfactory | 1 x Substantial 3 x Satisfactory | - | - | 9 | 24 | 9 | 5H, 9M, 7L | | |
| Departmental Total | 3 | 162 | 6 x Satisfactory | 1 x Substantial 6 x Satisfactory 1 x Limited | - | - | 13 | 33 | 14 | 6H, 11M, 8L | | |

| Name | Actual Days | | Previous Assurance | Current Assurance | Direction of Travel | Analysis of Recommendations | | | | Previous Recs Not Implemented | Comments | |
|--|-------------|-------|--------------------|--|---------------------|-----------------------------|------|--------|-----|-------------------------------|---|--|
| | 22-23 | 23-24 | | | | Critical | High | Medium | Low | | | |
| Adult Social Care and Health Department – The 2023-24 Audit Plan included an allocation of 245 days over the following areas | | | | | | | | | | | | |
| Departmental Review - Management and Administration | | | | | | | | | | | | |
| Adult Social Care and Health Departmental Review | 1 | 2 | Satisfactory | Satisfactory | ↔ | - | 1 | 1 | 1 | 6M, 2L | Report relates to 2022-23 Audit | |
| Public Health Review | - | 35 | - | - | - | - | - | - | - | - | | |
| Operational Reviews (AC) | | | | | | | | | | | | |
| Direct Payments | 1 | - | Satisfactory | Substantial | ↑ | - | - | 4 | 1 | 3H, 1M, 1L | Report relates to 2022-23 Audit | |
| Better Life Derbyshire | 28 | - | N/A | Satisfactory | ↔ | - | - | 2 | 2 | - | Report relates to 2022-23 Audit | |
| ASC&H IT Systems | | | | | | | | | | | | |
| Mosaic Client Management | - | 14 | N/A | Satisfactory | ↔ | - | 1 | 3 | 2 | - | Report relates to 2022-23 Audit | |
| Imprest System (Phoenix System) | - | 10 | N/A | Limited | ↔ | - | 2 | - | - | - | | |
| Derbyshire Shared Care Record | - | 6 | - | - | - | - | - | - | - | - | | |
| Resource Led Reviews | | | | | | | | | | | | |
| Direct Care | - | - | - | - | - | - | - | - | - | - | | |
| Castle Court HOP | - | 5 | - | - | - | - | - | - | - | - | Additional Audit added to the approved plan | |
| Departmental Total | 30 | 72 | 2 x Satisfactory | 1 x Substantial 3 x Satisfactory 1 x Limited | - | - | 4 | 10 | 6 | 3H, 7M, 3L | | |

| Name | Actual Days | | Previous Assurance | Current Assurance | Direction of Travel | Analysis of Recommendations | | | | Previous Recs Not Implemented | Comments | |
|---|-------------|-------|--|---------------------------------|---------------------|-----------------------------|------|--------|-----|-------------------------------|--|--|
| | 22-23 | 23-24 | | | | Critical | High | Medium | Low | | | |
| Place Department – The 2023-24 Audit Plan included an allocation of 183 days over the following areas | | | | | | | | | | | | |
| Departmental Management & Administration Review | | | | | | | | | | | | |
| Place – Departmental Review | 3 | 2 | Substantial | Satisfactory | ↓ | - | 1 | 6 | 1 | 2M, 1L | Report relates to 2022-23 Audit | |
| Operational Reviews (PL) | | | | | | | | | | | | |
| Countryside Management | 21 | - | Limited | Limited | ↔ | - | 1 | 3 | - | - | Report relates to 2022-23 Audit | |
| Regeneration | - | 26 | - | - | - | - | - | - | - | - | | |
| Derbyshire Records Office & Records Management | - | 27 | - | - | - | - | - | - | - | - | | |
| Fleet Services | - | 31 | Satisfactory | Satisfactory | ↔ | - | 3 | 6 | - | 1H, 3M | Additional Audit added to the approved plan | |
| Place Dept. IT Systems | | | | | | | | | | | | |
| Library Booking System | - | 13 | - | - | - | - | - | - | - | - | Additional Audit added to the approved plan | |
| External Grants, Certifications and Assurance Work | | | | | | | | | | | | |
| Place Department Grants and Certifications | 5 | 3 | - | - | - | - | - | - | - | - | ➤ Multiply Funding ➤ Hardship Flood Funding Grant | |
| Local Transport Capital Funding Grant | - | 6 | - | - | - | - | - | - | - | - | | |
| Resource Led Reviews | | | | | | | | | | | | |
| Public Transport & Taxi Contracts | 4 | - | N/A | Satisfactory | ↔ | - | 2 | - | 1 | - | Report relates to 2022-23 Audit | |
| Trading Standards | - | 2 | - | - | - | - | - | - | - | - | | |
| Departmental Total | 33 | 110 | 1 x Substantial 1 x Satisfactory 1 x Limited | 3 x Satisfactory 1 x Limited | - | - | 7 | 15 | 2 | 1H, 5M, 1L | | |

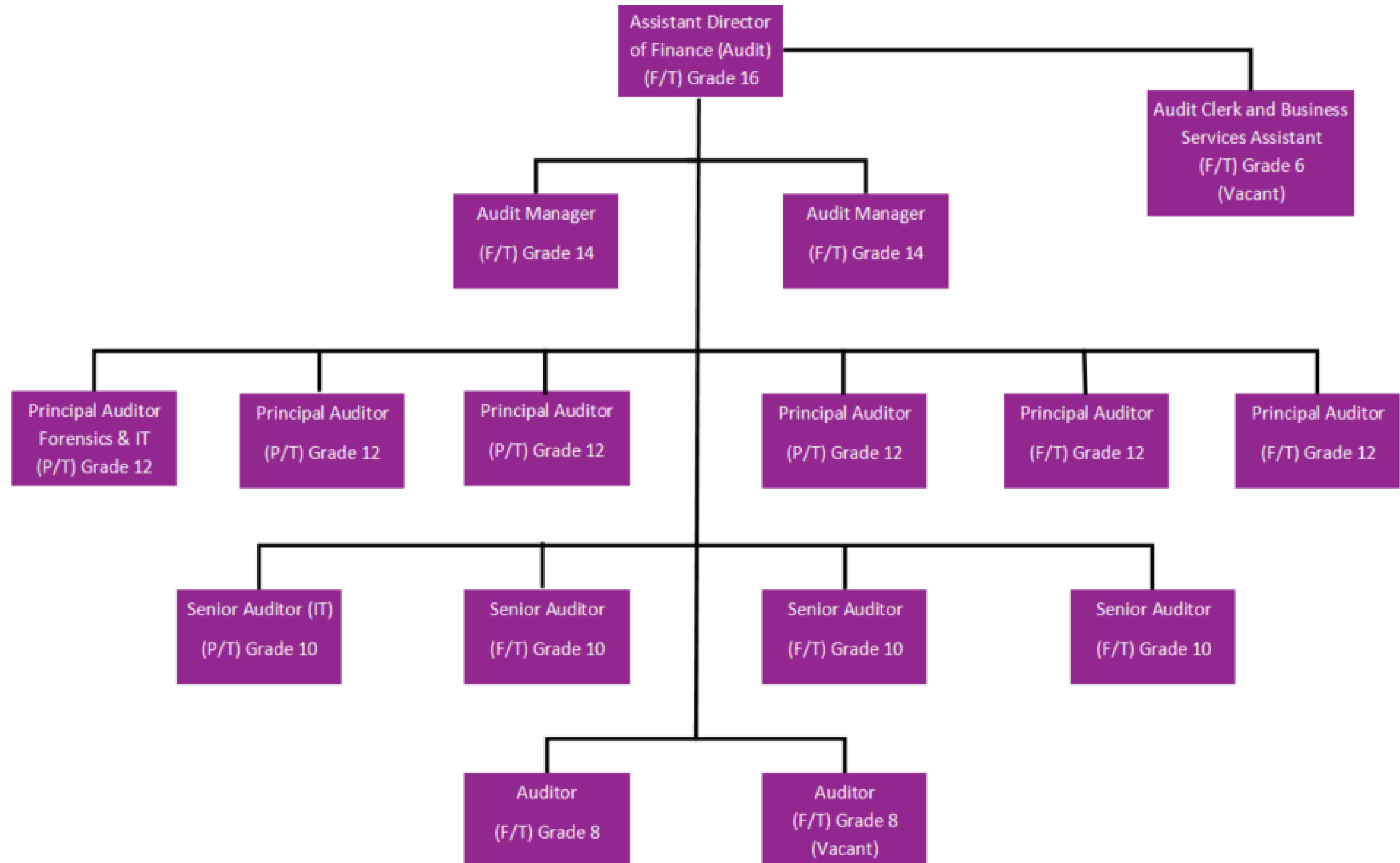
Audit Opinions are categorized based upon the assurance that Management may draw on the adequacy and effectiveness of the overall control framework in operation as follows:

| Level of Assurance | | Explanation and significance |
|---|--|--|
| Substantial Assurance  | | Whilst there is a sound system of governance, risk management and control minor weaknesses have been identified which include non-compliance with some control processes. No significant risks to the achievement of system/audit area objectives have been detected. |
| Satisfactory Assurance  | | Whilst there is basically a sound system of governance, risk management and 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 or scope for improvement identified, which may put achievement of 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 governance, risk management and control system which expose the system/audit area objectives to a high risk of failure, the Council to significant reputational risk and require improvement. |
| No Assurance  | | Control has been judged to be inadequate as systems weaknesses, gaps and non-compliance have been identified in numerous key areas. This renders the overall system of governance, risk management and control inadequate to effectively achieve the system/audit area objectives which are open to a significant risk of error, loss, misappropriation or abuse. Immediate remedial action is required. |

Audit Recommendations are prioritized depending upon the level of associated risk and impact upon the management control framework as follows:

| Level | Category | Explanation and significance |
|-------|-----------------|---|
| 1 | Critical | Significant strategic, financial or reputational risks where immediate remedial action is considered essential. |
| 2 | 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. |
| 3 | 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. |
| 4 | Low | General housekeeping issues which require consideration and a planned implementation date within the medium term. |

Appendix 2 – Audit Services Structure



Appendix 3 - Performance Indicators 2023-24

| | | | | 2023-24 Progress | | | |
|---|--------|---------|---------|------------------|----------|----------|--|
| Indicator | Target | 2021-22 | 2022-23 | July 2023 | Oct 2023 | Dec 2023 | Comments |
| Audit Plan – Achievement of planned Audit days | 95% | 89% | 95% | 89% | 93% | | This includes 127 days relating to 2022/23 audit work. (124 days at the 19 September 2023 progress update) |
| Completion of Audit staff Personal Development Reviews (PDRs) and training identified | 100% | 100% | 100% | 100% | 100% | | Mid-year reviews completed. |
| Undertake a risk based Annual Audit Plan formulation exercise | N/A | ✓ | ✓ | ✓ | ✓ | | No change from last progress update report. |
| Undertake quality assurance reviews of Audits (1 for each Principal Auditor per year) | 100% | 0% | 100% | 17% | 33.3% | | 2 of the 6 Principal Auditor reviews completed. (1 review reported in the 19 September 2023 update) |
| Limited Audit Opinions reviewed by Assistant Director of Finance (Audit) within 10 days of completion of Draft Report | 100% | 100% | 40% | 50% | 40% | | 2 of 5 Reports achieved target * (1 of 2 Reports achieved target as reported in the 19 September 2023 update) |
| Percentage of Draft Audit Report issued within 15 working days of fieldwork completion | 95% | 25% | 47% | 40% | 43% | | 12 of 28 Reports achieved target (6 of 15 Reports achieved target as reported in the 19 September 2023 update) |
| Percentage of Final Audit Report issued within 28 working days of issue of Draft Audit Report | 95% | 67% | 70% | 57% | 65% | | 15 of 23 Reports achieved target (6 of 15 Reports achieved target as reported in the 19 September 2023 update) Excludes schools and establishments due to term time working |
| Percentage of Recommendations made which are implemented at the time of follow up Audit | 90% | 66% | 73% | 75% | 67% | | 176 of 240 Recommendations Implemented (126 of 169 Recommendations Implemented as reported in the 19 September 2023 update) |
| Audit Assurance – To provide an assurance to the Authority on the adequacy and effectiveness of risk management, control and governance processes | N/A | ✓ | ✓ | N/A | N/A | | Completed annually towards year-end. |
| Client Satisfaction – Percentage of questionnaire responses rating the Audit as good or very good | 90% | 10% | 100% | 100% | 91% | | 11 questionnaires returned. (5 questionnaires reported in the 19 September update report) |
| Annual Survey of Key Stakeholders | N/A | ✓ | ✓ | N/A | N/A | | Completed annually towards year-end. |
| Delivery of Audit Opinion to Management and Audit Committee in time to inform AGS | N/A | ✓ | ✓ | N/A | N/A | | Completed annually towards year-end. |

* These reports were issued in draft prior to me commencing in post.