

**FOR PUBLICATION****DERBYSHIRE COUNTY COUNCIL****AUDIT COMMITTEE****30 January 2024****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 December 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 nine months to 31 December 2023 and represents work undertaken during that period, which is detailed in the progress report. An analysis of the progress with the Unit's Performance Indicators (PIs) 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.

## Audit Resources and Activities

- 2.4 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. The impacts of any changes to staffing levels will be continually monitored and any concerns on the ability to provide an opinion on the Council's control, risk and governance frameworks, will be raised directly with the Audit Committee, Senior Management and Director of Finance in his role as the Section 151 Officer. As previously reported to the Audit Committee a number of changes to the way in which Audit Services are operating is looking to maximise the time available to ensure an efficient and effective service is being delivered.
- 2.5 The EQA of Audit Services was completed in mid-December 2023 by the Chartered Institute of Internal Auditors, with the assessor spending two days on site with the audit team, reviewing information and conducting a number of stakeholder interviews. We are pleased to report to the committee that the Final Report of the work was received at the end of December and the report is attached at Appendix 4 in full for information. The conclusion of the EQA confirmed that the ***"Internal Audit Service conforms with most of the Standards, as well as the Definition, Core Principles, and the Code of Ethics, which form the mandatory elements of the PSIAS and the Institute of Internal Auditors' IPPF, the globally recognised standard of quality in Internal Auditing"***.
- 2.6 The report also provided three recommendations to improve conformance with the standards, which are accepted and have an assigned action to address. The Audit Committee will see the completion of the recommendations through usual reporting to the Committee.

## Audit Days

- 2.7 Whilst the actual days currently delivered 1,588 is again below the expected target of 1,753 the reasons for the shortfall remain consistent with those outlined in the previous Progress Reports mainly staff vacancies. 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 ensure effective use of audit days across quarter 4. These include:
- A more focused audit planning approach to match audit time to key risks and controls.

- Increasing use of data available to provide greater audit coverage in a shorter time period.
- 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.

### **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 December 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.