



Agenda Item

**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**AUDIT COMMITTEE**

**19 March 2024**

**Report of the Director of Finance & ICT**

**Update on 2022-23 External Audit Internal Control Recommendations**

**1. Purpose**

- 1.1 To provide Audit Committee with an update on internal control recommendations outlined in the external auditor's Council and Derbyshire Pension Fund Audit Completion Reports for the year ended 31 March 2023, along with progress on any actions required.

**2. Information and Analysis**

- 2.1 The external auditor presented its year ended 31 March 2023 Audit Completion Reports, for the Council and for the Derbyshire Pension Fund, at the Audit Committee meeting on 30 January 2024.
- 2.2 No internal control recommendations were raised.
- 2.3 Receiving no internal control recommendations is testament to the strength and the continued effectiveness of the Council's and the Derbyshire Pension Fund's internal controls.

- 2.4 The reported position builds on last year, when the external auditor raised no internal control recommendations in its Audit Completion Report in respect of the 2021-22 Derbyshire Pension Fund accounts, and one internal control recommendation, with a 'medium priority' ranking (which in the view of the external auditor means that 'there is a need to strengthen internal control or enhance business efficiency and the recommendation should be actioned in the near future'), in its Audit Findings Progress Report in respect of the 2021-22 Council accounts.

### **3. Consultation**

- 3.1 No consultation is required.

### **4. Alternative Options Considered**

- 4.1 Not Applicable – It is prudent and responsible practice for an update on external audit's internal control recommendations for the previous year, along with progress on any actions required, to be reported to Audit Committee. Although there were none, if any low/medium priority control recommendations were not reviewed and acted upon then they would be re-reported by external audit in the following year, and the Council's internal controls would not be as effective as they could be in their design or operation. Although there were none, if any high priority internal control recommendations were not immediately acted upon then there would be potential for financial loss, damage to reputation or loss of information, which may have implications for the achievement of the Council's business strategic objectives.

### **5. Implications**

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

### **6. Background Papers**

- 6.1 No papers held.

### **7. Appendices**

- 7.1 Appendix One – Implications.

## **8. Recommendation**

That Audit Committee:

- 8.1 Notes that there were no internal control recommendations outlined in the external auditor's Council and Derbyshire Pension Fund Audit Completion Reports for the year ended 31 March 2023 and that no further action is required.

## **9. Reasons for Recommendations**

- 9.1 It is prudent and responsible practice for any external audit internal control recommendations for the previous year to be reported to Audit Committee, along with progress on any actions required.

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## **Implications**

### **Financial**

- 1.1 No Council or Derbyshire Pension Fund internal control recommendations were raised in the external auditor's Audit Completion Reports for the year ended 31 March 2023. No further action is required. This is testament to the strength and the continued effectiveness of the Council's and the Derbyshire Pension Fund's internal controls.

### **Legal**

- 2.1 None.

### **Human Resources**

- 3.1 None.

### **Information Technology**

- 4.1 None.

### **Equalities Impact**

- 5.1 None.

### **Corporate objectives and priorities for change**

- 6.1 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations.

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

- 7.1 None.