

Audit Services Annual Report 2020-21



“Audit Services aspires to enhance and protect organisational value by providing risk based and objective assurance, advice and insight”



Background to the Annual Report

The Annual Report provides Members with the outcome of Audit activity relating to the County Council's operations throughout the financial year. The Report highlights the achievement of the 2020-21 Audit Plan which was approved by the Audit Committee on 27 May 2020. This includes details of the areas reviewed, opinions provided, key issues identified and actions arising. The Annual Report is a requirement of the Public Sector Internal Audit Standards (PSIAS) in which the Chief Audit Executive (Head of Audit) must provide:

- An opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;
- Detail of the Audit Plan delivered throughout the year and overall outcomes to support for the Audit Opinion;
- An opinion that can be used by the organisation to inform its governance statement;
- A statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme (QAIP).

All work undertaken by Audit Services' is conducted in accordance with the standards required by the 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.

Covid-19

Towards the end of 2019-20, the Covid-19 pandemic placed the country in lockdown and the Council's staff were required to work from home, wherever possible, from 23 March 2020. These unprecedented events placed significant pressures on the Council's services and staff as it sought to fulfil additional responsibilities placed upon it by central Government whilst trying to maintain existing services.

Contents		Page
Background to the Annual Report		2
Regulatory Framework and Scope of Audit Operation		4
Head of Audit - Audit Opinion		5
Available Audit Resources		7
Planning Audit Activity		8
Audit Services Outcomes		9
Governance Arrangements		10
Examples of Good Practice and Areas for Improvement		11
Detailed Analysis		13
Quality Assurance and Improvement Programme & KPIs		30
Appendices		
1.	Progress Against the 2020-21 Audit Plan	
2.	Key Performance Indicators 2020-21	
3.	Satisfaction Questionnaires 2020-21	

Due to the pandemic, the Audit Committee's meeting scheduled for 24 March 2020 was cancelled and took place on 27 May 2020. At that meeting, Members received two reports from the Assistant Director of Finance (Audit) detailing the proposed Audit Plan, and the areas which could impact on the delivery of the approved Plan. Further performance and updates were provided to the Audit Committee throughout the year.

The response to the pandemic has continued to affect the work of Audit Services during 2020-21, prompting a refocusing of the Plan onto key priority areas and more targeted reviews that could be delivered without placing additional pressure on departmental staff resources. The findings from these reviews were used to support our overall assessment of governance and control systems, in addition to providing a different perspective to the Audit Opinion.

Throughout this period, Audit Services have continued to support Senior Management in the design and implementation of required/proposed operational changes, in particular, where these changes were to be made at short notice. As the restrictions continued throughout the year, the ongoing pressure on the Council's staff reduced opportunities to undertake Audit activities agreed within the 2020-21 Audit Plan. As detailed within **Appendix 1** to this report, in certain instances Audits could not be undertaken due to the availability of staff, closure of schools and establishments.

Whilst the challenges faced by those tasked with supporting the Council's Covid-19 response and maintaining service delivery is fully recognised and acknowledged, it is essential that, as the transition to a position of living with the virus and more 'normal' activities return, resources will need to be made available to deliver Audit reviews. Although sufficient work has been undertaken during the year to form an opinion on the Council's governance, risk and control framework, this would prove more challenging in 2021-22 if the Unit were unable to progress a similar number of Audits as in 2020-21.

Assistant Director of Finance (Audit)

On 2 February 2021, Carl Hardman notified Audit Committee of his intention to retire on 31 March 2021 after over thirty years' service with the Council. Following a recruitment process, Dianne Downs has been appointed as the new Head of Audit, Insurance and Risk Management, taking up the post in early September 2021.

Regulatory Framework and Scope of Audit Operation

As defined by the Chartered Institute of Internal Auditors, ‘The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively’.

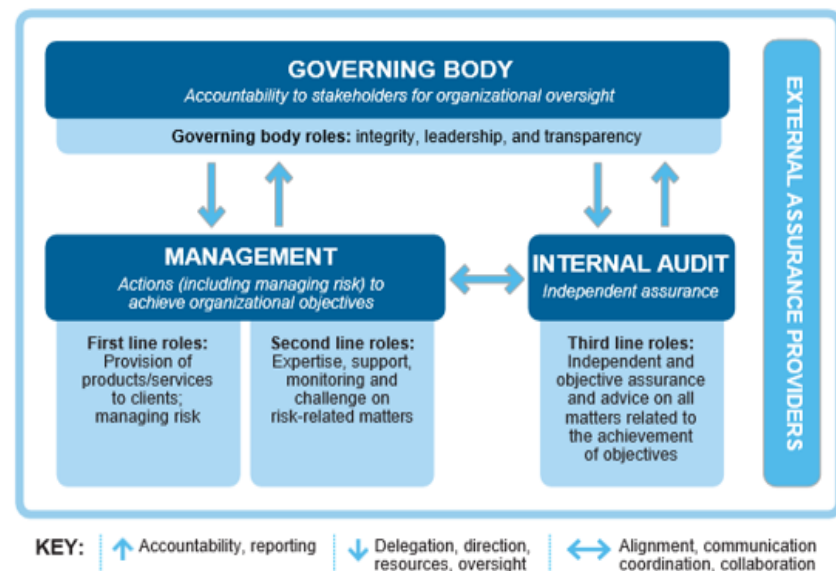
The Council has a duty to maintain an adequate and effective system of internal audit of its accounting records and system of internal control, together with a duty to prepare an Annual Governance Statement (AGS). The Audit Opinion on the Council's control environment contained within this report is included within the AGS, to provide independent assurance to the Council's stakeholders. To support this, Audit Services discharges the Council's statutory responsibilities as defined within:

- Regulation 5 of the Accounts & Audit Regulations 2015.
- Section 151 of the Local Government Act 1972, in relation to significant aspects of the Director of Finance & ICT's statutory duties.

To support Audit Services, the Council has an approved Audit Charter and Audit Strategy. The Unit's role and responsibilities are also documented in the Council's policies and procedures including Financial Regulations and Anti-Fraud and Anti-Corruption Strategy. The Unit utilises the Chartered Institute of Auditors Three Lines Model to support its role in assuring the effective management of risk and corporate governance structures.

The independence of Audit Services is achieved by maintaining reporting lines which allow for direct and unrestricted access to the Council Leader, Audit Committee, Head of Paid Service, other Executive Directors, Section 151 Officer, Monitoring Officer, Directors and Members. The Council's Constitution gives the Audit Committee overall responsibility for Internal and External Audit and sets out the role and responsibilities of the Head of Audit.

The IIA's Three Lines Model



Head of Audit - Audit Opinion

Overall, based on the work undertaken during 2020-21 and our experience from previous years' Audit, our opinion is of a "Qualified Assurance" on the adequacy and effectiveness of the internal control framework, risk management and governance procedures within the County Council. Whilst the arrangements were generally found to be satisfactory, some enhancements have been recommended for senior management to action and improve the control framework.

In forming our opinion, we are satisfied that no conflicts of interest have occurred which would have any bearing on Audit Services independence or objectivity. In addition, our organisational independence and objectivity has not been impaired or the scope of our work restricted in any way.

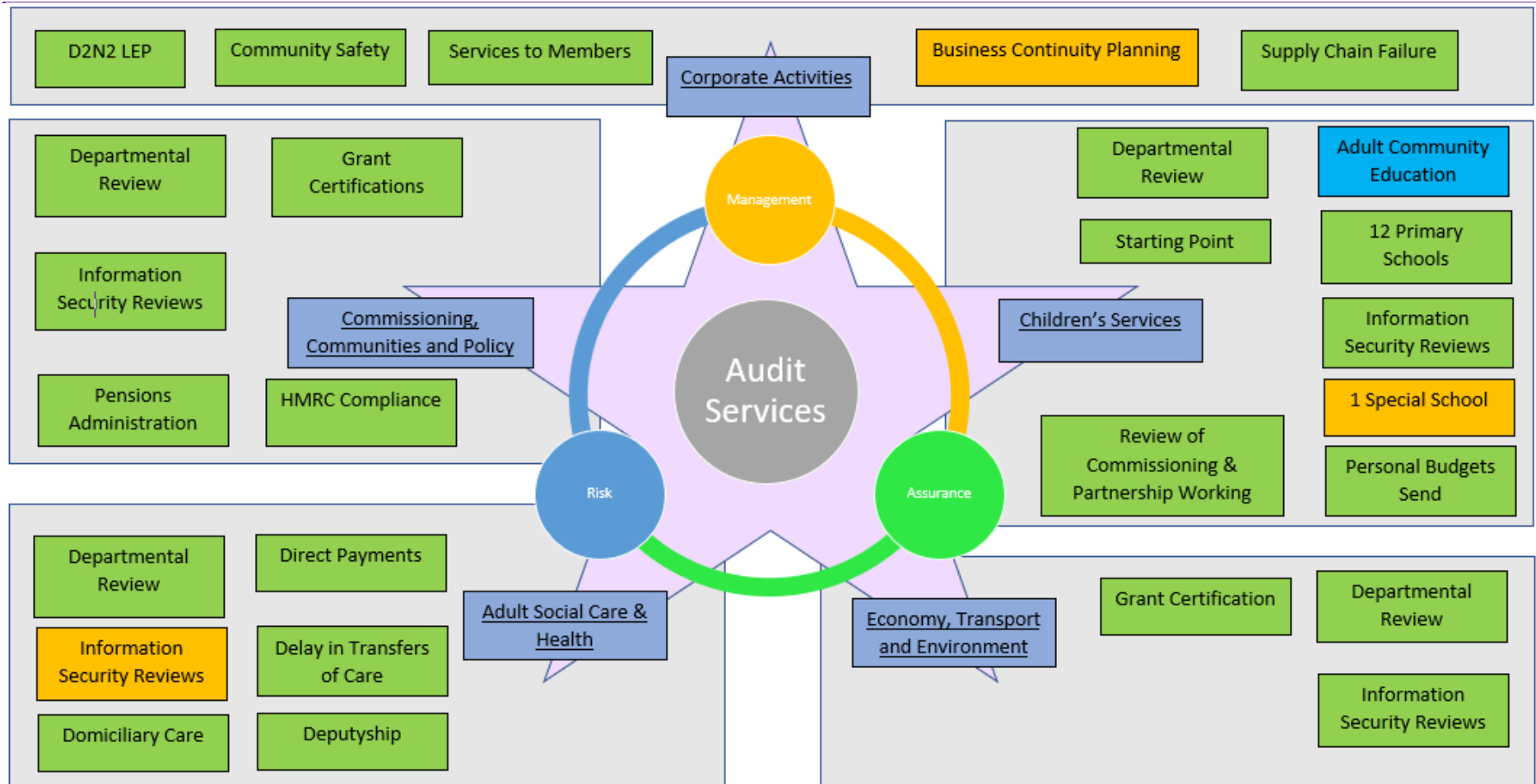
This opinion is based on:

- ongoing support and review of the Council's governance arrangements including the AGS;
- individual opinions reported in Audit Services Memoranda arising from risk-based Audit assignments drawn from the approved Audit Plan (see next page);
- the implementation of recommendations in respect of previous years' internal audit work;
- an assessment of risk management arrangements and the framework of assurance;
- Management responses to findings and recommendations;
- the extent of resources available to deliver the internal audit work, although these were less than those required to achieve the approved Audit Plan;
- the proportion of the Council's audit requirements that has been covered within the period;
- known and assessed impacts of the Covid-19 pandemic on the governance, risk management and control framework.

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.
Qualified 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, <u>misappropriation</u> or abuse. Immediate remedial action is required.

Guidance has also been taken from current practitioner articles including 'Head of Internal Audit Annual Opinions: Addressing the Risk of a Limitation of Scope' by the Chartered Institute of Public Finance & Accountancy (Cipfa).

Summary of Audit Opinions



Key Financial Systems	HR Management	Accounts Payable	Accounts Receivable	Purchasing	Asset Management	Funds Management	Treasury Management
IT & IS Reviews	Bacs Payments		Systems Development		Corporate Database		
Unplanned Projects	Duplicate Payments		Photocopier Charges		Director Checks		Hospitality
Audit Opinions	Substantial	Qualified	Limited	No			

Available Audit Resources

Regular update reports have been presented to the Audit Committee throughout 2020-21 detailing progress against the approved Audit Plan. These reports have informed Members of the Unit's staffing resources which have been subject to a prolonged period of unexpected pressure due to vacancies and sickness; Members have been supportive of action taken throughout this challenging period.

As the employment market has been difficult for the recruitment of Audit staff, one of the key aims over the next few years is to continue the process started with the appointment of an Audit Apprentice to develop staff internally. Whilst this will not deliver results in the short term and continually carries the risk that staff will leave during or after their training period, this is considered one of the most efficient ways to fully equip Audit Services with the required staff.

Key to ensuring new and inexperienced staff have the ability to deliver a valued Audit service, will be the ongoing support and investment in effective training. In 2020, Audit Services transitioned to the latest version of the data analysis software IDEA, with a view to accelerating the use of data analysis and continuous auditing of the Council's key systems. Audit specific training on the new SAP solution and Microsoft Office 365 products will be scheduled in 2021-22, to ensure an effective review can be undertaken on the two core IT systems.

It is however, positive to report that some progress was made during the year with the recruitment of an Auditor in March 2021. Operating in a Covid environment has made it difficult to meet face to face with new colleagues making the induction and staff development more challenging. This is evident with the two Audit staff that joined the Unit just before the National lockdown, who have not had the opportunity to fully develop their audit experience in areas including schools, establishments and routine compliance visits. The changes to working arrangements and operational processes resulted in audit reviews taking longer than anticipated to prepare, complete and finalise in 2020-21, further impacting on available resources.

Audit Services continue to work to safeguard the Council and its senior management by promoting the principles of good governance, ensuring that robust controls are in operation and seeking to improve risk management arrangements whilst looking to minimize the effects of reduced resources and increased demands on its services. However, in common with other Council functions the Unit's ability to respond within a reasonable timeframe to requests made of the service, including operational project related work, has again been impacted upon during this year. We do however, continually monitor this situation to minimize the effect of reduced resources on the effective delivery of the Audit Plan.

Planning Audit Activity

The Unit has established practices to formulate the Audit Plan and inform our risk assessment. This is drawn from a wide range of sources including the Council Plan, Strategic and Departmental risk registers, service plans and other information, as illustrated in the 'Audit Plan' graphic. The Plan is discussed and agreed by key stakeholders including individual Executive Directors and Directors, Head of Paid Service, Section 151 Officer, Monitoring Officer and is available to the Council's External Auditor prior to submission to, and approval by the Audit Committee.

The Audit Services Unit is part of the Commissioning, Communities and Policy Department and the Assistant Director of Finance (Audit) has direct access to all Members, all levels of Management and employees of the Council. The Assistant Director of Finance (Audit) meets with the Corporate Management Team and individual Executive Directors to discuss progress against the Plan and emerging issues. The Plan is subject to ongoing review and adjusted to meet changing risks with regular updates of Audit activity reported to the Audit Committee.

Our work contributes to the Authority's ambition to be an enterprising and value for money council. We support Management in formulating and implementing robust governance, risk management and control systems and ensuring ongoing compliance. As part of this, Audit staff undertake IT security and data protection assessments of external suppliers' systems, procedures, network security and operational controls.

As already mentioned, the Covid-19 restrictions impacted significantly on the Unit's ability to deliver a number of audits in 2020-21. The Cipfa Code of Practice on Managing the Risk of Fraud and Corruption states that councils should undertake an annual assessment of whether the level of resource to counter fraud and corruption is proportionate for the level of risk. This assessment is made by the Assistant Director of Finance (Audit) when formulating the Audit Plan.

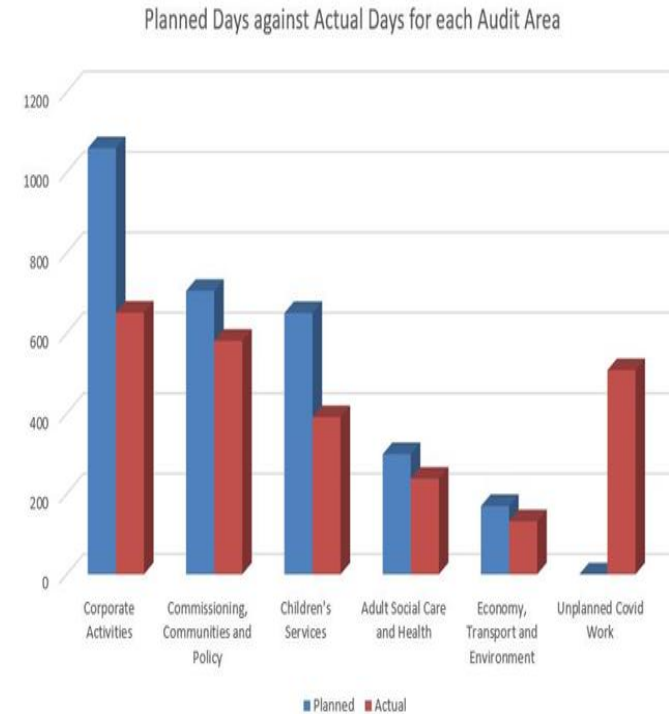


Audit Services Outcomes

The Covid-19 pandemic has had a significant impact on the operations of the Council and Internal Audit in 2020-21. The prolonged uncertainty and disruption brought about by the pandemic affected the delivery of the planned internal audit work.

It was apparent the Council was dealing with a set of new challenges which demanded rapid responses and altered the organisation’s risk landscape. During the three national lockdowns, non-essential travel was restricted and social distancing introduced which meant that internal audit and the majority of other Council staff worked from home, significantly changing the way audits were undertaken. All audits were conducted remotely resulting in the internal audit process taking longer than normal and it proved challenging for Management to effectively balance internal audit requests and the ongoing response to the pandemic.

By necessity, the Audit Plan was flexed within the year to ensure it remained relevant to key risks facing the Council. Consequently, the Audit Plan was continually reviewed during the year to take into account changes in the Council’s environment and discussions with Management. Due to availability of staff to support Audits, a number of reviews such as Business Continuity Planning, Corporate Health Check, Registration Service, Server Infrastructure, schools and establishments visits were not undertaken. The outcome of the Audit Performance for 2020-21 is shown below:



2020-21 Outcome	Days
Approved Audit Plan	2,884
Actual Productive Days	2,501
Shortfall in Productive Days Delivered	383

Analysis of Audit work including a summary of Reports and Memoranda issued throughout the year, is provided at **Appendix 1**, with more detailed comments on individual reviews within the main body of this Report.

Governance Arrangements

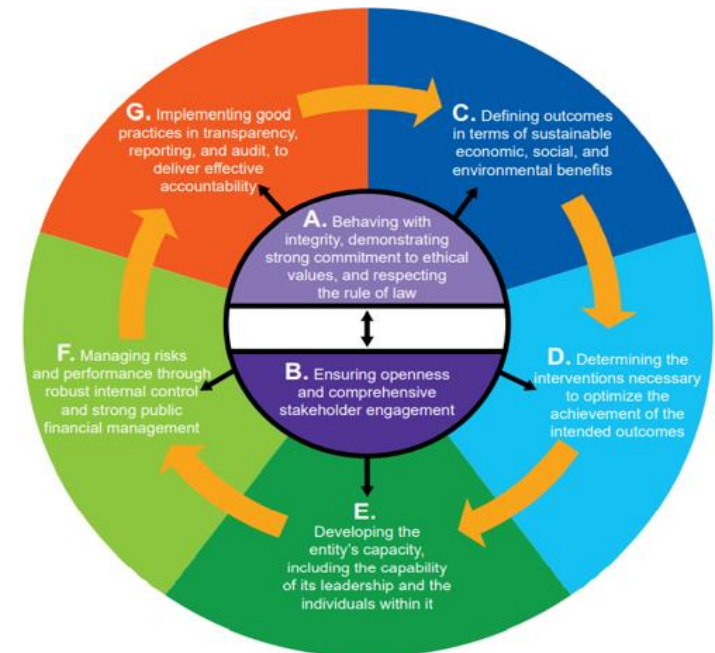
Corporate governance includes the systems, processes and values by which councils operate and are held accountable to their communities and stakeholders. The importance of effective corporate governance cannot be underestimated as it is fundamental to underpinning credibility and confidence in public services. The Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. The Council has a corporate governance framework in place to align with best practice and compliance with the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The Council is committed to effective corporate governance and demonstrates this by:

- Reviewing the Council’s governance arrangements against the CIPFA/SOLACE Delivering Good Governance in Local Government Framework;
- Assessing the effectiveness of its governance arrangements against the Local Code of Corporate Governance;
- The completion of Executive Director Assurance Matrices;
- Considering the impact of External Assessments;
- Preparing the AGS;
- Monitoring the progress against the recommendations in the AGS Action Plan.

Audit Services staff contribute and help define the Council’s Corporate Governance Framework and procedures.

The Council’s systems of governance and internal control are based upon a framework which embraces regular management information, approved policies and procedures (including Financial Regulations and Standing Orders relating to Contracts), administrative procedures (including segregation of duties), Management supervision and a structure of delegation and accountability.



Source: International Framework: Good Governance in the Public Sector (CIPFA)

Examples of Good Practice and Areas for Improvement

Each Audit Memorandum produced reflects areas of good practice identified by the Audit Services' review and includes a prioritized Action Plan detailing recommendations for improvements. The following are examples of where a substantial Audit Opinion (Strengths) or Limited Audit Opinion (Areas for Improvement) were reported from our work undertaken in 2020-21. Due to the timing of the reviews, these may include or refer to previous year's reviews issued in the current year.

Good Practice	Areas for Improvement
<p><u>Accounts Payable and Receivable</u></p> <p>As an important area of the Council's core financial operations the Accounts Payable and Accounts Receivable functions were considered to be well managed and operating in compliance with documented procedures. These processes have been adapted during the Covid-19 lockdown and continue to operate effectively.</p>	<p><u>Maintenance of Council Properties</u></p> <p>Although an Annual Maintenance Programme was in place, a significant backlog has accumulated in the timely completion of scheduled checks. There were also gaps in the performance management framework used to monitor the service.</p>
<p><u>Funds Management and the administration of the Derbyshire Pension Fund</u></p> <p>The review identified that the Fund is supported by a governance framework and a suite of policies and procedures which are generally fit for purpose and operating effectively. Minor improvements were noted in relation to the need to maintain a number of administrative functions.</p>	<p><u>Asset Management System</u></p> <p>The Council's Corporate Property service is entering a period of fundamental change and re-evaluation of its core responsibilities and function. Whilst significant work has already been undertaken to manage the new arrangements and ensure robust legal provisions are in place, there is still work to be completed. Improvements in staff training and the IT systems used to record and monitor the Council's assets, were in need of improvements.</p>

Good Practice

Areas for Improvement

Human Resources

The review identified that roles and responsibilities relating to payroll administration, monthly payroll processing and oversight were allocated to staff working within the Shared Service Centre (SSC).

Systems and controls surrounding payroll administration are generally adequate and operating effectively. Opportunities to further strengthen the arrangements in place relating to payroll reconciliations, overpayment analysis and recording of employee working hours were reported.

Adult Community Education Service

A governance framework is in place which includes a suite of policies and procedures detailing Service objectives (within the Curriculum Policy) and how the course programme will be communicated to stakeholders. A detailed course planning process is in place to identify and evaluate provision for the next academic year.

An annual budget is set which details how Education & Skills Funding Agency (ESFA) funding will be utilised to deliver the Service in accordance with the Curriculum Policy.

Bacs IT System

Whilst operational procedures are in place to manage the payments of the Council's Bacs transactions, there was found to be limited progress made in respect of previously notified Audit recommendations. Of these recommendations five were categorised as 'High' and included matters relating to the strengthening of user authentication and management of the continuity process.

At the point of the review, the Bacs software supplier was only 50% of the way through the accreditation process for their independent information security accreditation.

Information Security Reviews

As part of the work to support the Council's information security framework, Audit Services review third party organisations operational procedures. Issues were reported where the expected standards were not in place including:

- Poor training and induction;
- Limited back up arrangements;
- Absence of independent information security accreditations;
- Absence of encryption of mobile devices.

Detailed Analysis - Corporate Activity

Departmental Performance	2019-20	2020-21	Departmental Opinions	2019-20	2020-21
Days within the Approved Audit Plan	1,018	1,060	Substantial	-	-
Actual days delivered	640	546	Qualified	2	6
Percentage of Departmental Audits achieved	63%	51.5%	Limited	1	2
Number of Reports/ Memoranda Issued	12	11	No	-	-
			Other (including letters)	9	3

The Unit undertook work on a variety of systems and procedures, themed and operational projects, including potential fraud investigations. Audit Services issued 11 Reports and Memoranda within the Corporate Activities area, which are detailed within **Appendix 1**. An overview of the main Audit Opinions are shown below.

Corporate Fraud Prevention

The Council has a framework of policies which are intended to encourage the prevention of fraud, promote its detection and identify a clear protocol and methodology for undertaking investigations. Nationally the number of frauds and scams increased significantly with Action Fraud reporting that Covid-19 related frauds increased by 400% in March 2020. Fraud threats are constantly changing, varying in complexity and scope in some cases, reviving previous, similar fraudulent activities. The involvement of organised crime is a growing threat which will impact on local authorities and their residents. Throughout the year, Audit Services continued to build on its work over the past few years to liaise with Derbyshire Constabulary and colleagues within the Council, to analyse internal data against potential organised crime group activities.

Audit Services continued to distribute intelligence received relating to potential frauds and scams. To help build upon the work already undertaken in this area, Audit resources targeted specific fraud awareness measures including the creation of an online training module for staff.

As the services and the way the Council operates are subject to change, it is essential that the level of management oversight and supervision must not compromise the governance, risk management and control framework. Operational and Management controls form a vital part of the Three Lines Model illustrated on page 4.

During the year, Audit staff worked on 5 investigations of potential fraud, misconduct or irregularity. Audit staff investigate individual cases of suspected theft, fraud or irregularity and produce Audit Reports for senior management which detail our findings and recommend appropriate action including, where necessary, measures to improve controls to prevent recurrence. Staff actively participated in the National Fraud Initiative (NFI) 2018-19 and investigated data matches reported as part of that process as well as preparing for NFI 2020-21. The Unit continues to work with the National Anti Fraud Network (NAFN) which provides valuable intelligence on potential frauds. Relevant information received from NAFN and other sources is investigated by the Unit and disseminated to Members, Executive Directors and Directors in order to ensure that the Council is informed of known and emerging fraud risks.

The Assistant Director of Finance (Audit) is the Council's RIPA Monitoring Officer, responsible for the oversight and monitoring of powers exercised under the Regulation of Investigatory Powers Act (RIPA) in accordance with the Council's RIPA Policy. On 27 May 2020, the Audit Committee was informed of the outcome of the inspection of the Council's procedures relating to the use of its powers under RIPA by Mrs Samantha Jones of the Investigatory Powers Commissioner's Office (IPCO). In summary the Commissioner confirmed that the Council:

“demonstrated a level of compliance that removes, for the present, the requirement for a physical inspection. Four of the six previous recommendations emanating from the 2016 inspection have been discharged” and



“It must be emphasised that although your Council has not exercised its RIPA powers since 2012, there is good work being undertaken in ensuring that activity instigated by your staff when accessing the internet and social media sites is subject of a robust audit regime and a separate policy document. This document, together with the overarching RIPA policy document and your retention policy, is indicative of your level of commitment to ensure compliance with the legislation.”

D2N2 Local Enterprise Partnership (LEP)

As part of the Council’s Accountable Body services the Unit completed a review of activities during 2019-20. The results of the Audit work confirmed that robust governance and control arrangements were in place, with effective reporting arrangements and financial support and oversight provided by the Council as the Accountable Body.

Departmental Reviews

These key reviews have been undertaken for a number of years and developed by the Unit to assess the adequacy and effectiveness of controls operating within Departments. Such work forms an integral part of Audit’s overall assessment of the effectiveness of the governance arrangements operating within the Council and can inform future Corporate/Departmental Audit projects. In 2020-21, the Departmental reviews considered the completed Executive Director Assurance Matrices developed by the Governance Group and how requirements of the Council’s Constitution were being met. Departmental reviews are also a vital component in demonstrating a continuous Audit presence.

IT Systems, Information Security and Data Protection

As in previous years, Audit staff have worked with colleagues across the Council including ICT Services and procurement colleagues to review compliance with the Council’s information security framework and the Data Protection Act 2018. During the year it remained evident that whilst awareness around the data protection and information security is more prominent within the third-party suppliers, there are still areas for improvement. Audit Services take every opportunity to engage with individual suppliers and more widely to promote the benefits of enhancement cyber security procedures and potential risks. Derbyshire like other counties have a significant number of small and medium-sized enterprises (SMEs) who would likely be impacted the hardest in the event of a cyber or ransomware attack.

The National Cyber Security Centre (NCSC) provide advice and guidance to all types of organisations on steps that can be taken to reduce the opportunity for IT network compromise or potential loss of data. Whenever possible and through various channels, Audit Services frequently promote the work of the NCSC. It is important to remember that all organisations can implement a few key procedures that will have a big impact on its information security risk profile:

- Taking regular backups of important data and checking these can be restored;
- Keeping smartphones and other devices up to date and secured with a PIN or password;
- Use anti-virus software and keep all software up to date;
- Regularly train staff on information security and how to spot phishing emails;
- Wherever possible use two factor authentication to strengthen passwords;
- To protect against the most common forms of cyber-attack, look to achieve the Government backed Cyber Essentials or Cyber Essentials 'Plus' accreditation.

Supply Chain Failure

The review of Supply Chain Failure considered the framework of financial documentation in place and the approach taken to supply chain failure within the Procurement Strategy. Whilst there were areas of good practice noted with regard to the management of supply chain failure, and that further work had commenced in this area, there were opportunities to reduce inconsistencies to supply chain management across the Council. The establishment of a corporate contract register will improve overall transparency and accountability.

Covid-19 and Other Grant Certification and Support

Audit Services reviewed arrangements around the Local Government income compensation scheme for lost sales, fees and charges. The Unit worked with Departmental finance staff to identify income that had been lost as a result of Covid-19 and was deemed to be eligible for compensation under the Scheme. Returns were submitted to the Ministry of Housing, Communities and Local Government on a quarterly basis through 2020-21 to support annual eligible lost income of £2.35m.

Meetings and Support

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. Two key meetings attended by Audit staff promote the principles of good governance and control frameworks:

Governance Group - The Group has a key role in considering and promoting governance matters (including the development and revision of related policies), supporting the work of the Audit Committee and production of the AGS. The Group has developed a Local Code of Corporate Governance and Director Assurance Matrices to support the AGS.

Information Governance Group - Audit Services continue to be an integral part of the ongoing monitoring and compliance work required to maintain the Council's ISO27001:2013 accreditation. The Unit's role includes attendance and support to the monthly meetings of the Group, review of information security policies and ongoing information security reviews as specified within the Audit Plan. The Unit's staff are the contact point for the External Auditor in relation to the provision of internal audit in respect of the ISO27001 standard.

Detailed Analysis - Commissioning, Communities and Policy

Departmental Performance	2019-20	2020-21	Departmental Opinions	2019-20	2020-21
Days within the Approved Audit Plan	655	705	Substantial	2	5
Actual days delivered	476	679	Qualified	16	12
Percentage of Departmental Audits achieved	83%	96%	Limited	2	2
Number of Reports/ Memoranda Issued	25	21	No	-	-
			Other (including letters)	5	2

The Unit undertook work on Departmental systems and procedures, themed and operational projects, core finance activities and IT system reviews. Audit Services issued 21 Reports and Memoranda within the Department, which are detailed within **Appendix 1**. An overview of the main Audit Opinions are shown below:

Departmental Review

As the 2020-21 Departmental review was scheduled in the final quarter of the 2020-21 Audit year, the review had not been finalised before the 31 March 2021. The outcome from the 2019-20 review reported during 2020 confirmed that the Department continued to operate within a framework of policies, procedures and associated governance arrangements which are generally fit for purpose. However, testing of human resources and budgetary control arrangements identified that Council policies were not always consistently applied. A further area which required management attention related to the declaration of business interests for staff and recording of staff secondary employment.

Accounts Payable Review

As an important part of the Council's core financial operations, the Accounts Payable function is considered to be well managed and operating in compliance with documented procedures. The Accounts Payable Team process a significant volume of transactions which exceeded 750,000 during the period September 2019 to September 2020. A number of minor operational improvements were recommended.

Accounts Receivable Review

The Accounts Receivable function oversees the billing, collection and management of the Council's income. Established processes are in place and operating effectively in relation to the creation of new customers, raising of invoices and the collection of outstanding debt. These processes have been adapted during the Covid-19 lockdown and continue to operate effectively. A number of minor operational improvements were recommended.

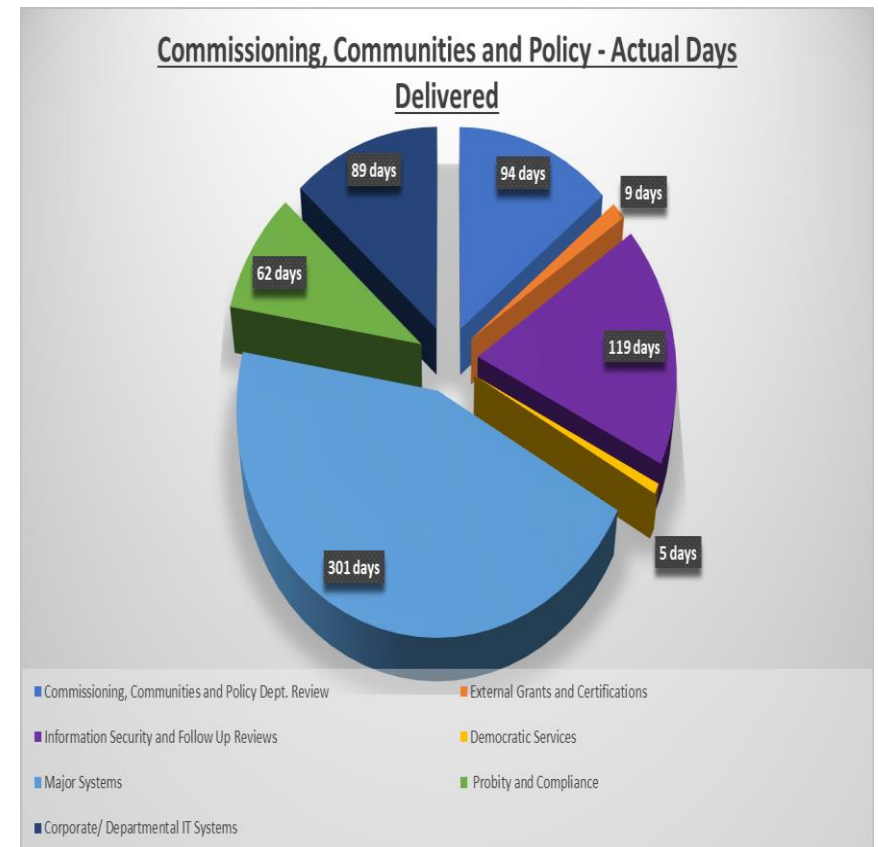
Procurement Review

As the 2020-21 procurement review was scheduled in the final quarter of the 2020-21, the review had not been finalised before the 31 March 2021 year end. The outcome from the 2019-20 review reported during the year confirmed that the Procurement Strategy approved by Cabinet was in place and supported by a detailed Implementation Plan, together with an Enterprising Procurement Vision and Mission to create a commercial capability in the Corporate Procurement Team. New structures, working practices and procedures were either recently in place or currently under development which should improve the efficiency, effectiveness and customer service experience once fully embedded.

Recommendations were made to further strengthen elements of the procurement administration relating to the completion of procedure guidance notes, improve monitoring of off-contract spend and the collection of data to effectively monitor key performance indicators

IT Systems Development Control Review

Whilst significant elements of the service were operating effectively, opportunities to improve current processes and procedures regarding systems development controls were identified. These included the reintroduction and review of Key Performance Indicators (KPIs) to monitor ongoing service effectiveness, together with improvements in the key



documentation that supports systems development and maintenance control procedures. Enhancements to the IT systems options appraisal process could potentially deliver financial savings, by integrating and adapting existing technology rather than purchasing new IT solutions.

Core IT System Interfaces Follow-Up Review

Overall, significant work had been undertaken across the Council to address the main findings from the Audit review undertaken in 2017-18. Improvements were evident in the security of data being transferred between systems and documentation to support the variety of interlinked applications. In a small number of cases, the action taken to implement the agreed recommendations had not fully addressed the overall risk, where this was the case, the outstanding issues were raised again.

Meetings and Support

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. This level of engagement is necessary to help the Council achieve its objectives by providing assurance that risks are being managed effectively and promote the principles of good governance and control frameworks. Examples include:

Finance Officers' - Meets on a regular basis to discuss a range of budgetary and accounting issues and supports the Director of Finance & ICT.

Risk Management - Role is to monitor and support Corporate leadership of risk management across the Council.

GDPR Working - Plays a pivotal role in ensuring the Council's ongoing compliance with current data protection legislation and ensuring best practice is implemented across all services.

SAP Implementation – Drawing upon resources from across the Council to support the migration from the current SAP ERP system, to the new SAP Intelligent Enterprise Suite, including SAP S/4HANA Enterprise Resource Planning application.

Cloud Centre of Excellence Board – Supporting the ongoing roll out of the Microsoft Office 365 software across the Council and transfer of information into the new platform.

Detailed Analysis – Children’s Services

Departmental Performance	2019-20	2020-21	Departmental Opinions	2019-20	2020-21
Days within the Approved Audit Plan	528	650	Substantial	-	1
Actual days delivered	626	390	Qualified	42*	19**
Percentage of Departmental Audits achieved	119%	60%	Limited	3*	1**
Number of Reports/ Memoranda Issued	55*	22**	No	-	-
			Other (including letters)	-	1

(*2019-20 - Includes 32 primary and special schools and 3 children’s homes. **2020-21 - Includes 11 primary school ‘virtual’ audits).

The Unit undertook work on Departmental systems and procedures, themed and operational projects, and IT system reviews. Audit Services issued 22 Reports and Memoranda within the Department, which are detailed within **Appendix 1**. An overview of the main Audit Opinions are shown below:

Children’s Services Departmental Review

The Departmental review evaluated compliance with statutory and regulatory requirements, strategic planning and governance arrangements, budgetary control, risk management, supply chain, human resources and ISO27001. There was sufficient evidence to support that the Department has measures in place to meet regulatory and legislative requirements and comply with the Council’s Constitution. The majority of controls in respect of accountancy and budgetary control and risk management were deemed to be effective.

Recommendations were made to enhance current staff absence procedures in accordance with the Council’s Attendance Management and Ill Health Capability Procedure. Processes around the validation of business continuity arrangements for suppliers required further strengthening and enhancements to the password parameters within Departmental IT systems.

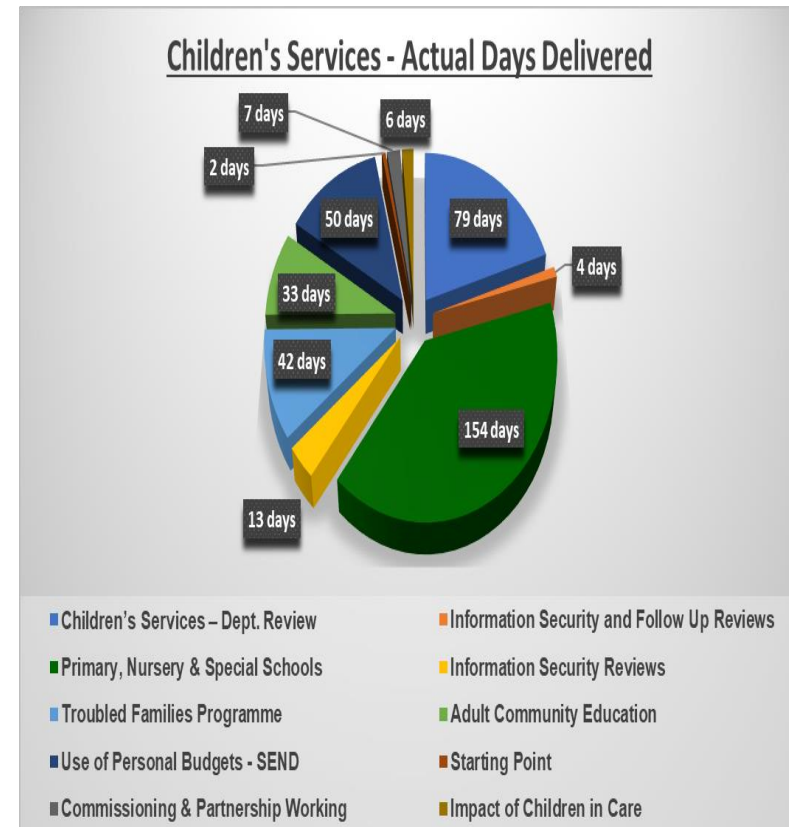
Adult Community Education

Derbyshire Adult Community Education Service (DACES) aims to provide a wide range of high quality and effective learning opportunities that respond to the needs of the local economy, the Council's priorities and current and potential learners. When assessing the Service's Strategy and Governance, Course Planning and Provision, Funding, Learner Administration and Performance Management, the review identified only minor areas for improvement. Based on the work undertaken and information assessed it was considered that Management could draw a substantial assurance that the Service was operating effectively.

Use of Personal Budgets for Children with SEND

The Audit considered the Council's strategy, the policies and procedures relating to the administration and management of personal budgets for children with special educational needs and disabilities (SEND), together with compliance with the Special Educational Needs (Personal Budgets) Regulations 2014.

The Council has developed a framework including staff resources and processes to assist in the evaluation of needs, calculation of an indicative personal budget and the administration and oversight of associated direct payments. Although this is supported by statutory and local guidance, improvements were recommended to current policies and procedures, to ensure these were up to date and reflected approved controls. Existing processes also required enhancements to ensure that Education, Health and Care (EHC) Plans are completed within 20 weeks of the initial needs being identified. Tightening of the administration around the periodic review and recovery of excess funds would further enhance the service provision.



Troubled Families Programme

During 2020-21 Audit Services reviewed six Troubled Families Grant submissions. In total there were 755 families which equated to funding of £604,000, with the Council meeting its agreed maximum target.

Schools

Due to the Covid-19 restrictions, no 'on-site' reviews of schools were undertaken during 2020-21. A small number of remote audits were conducted which has provided some assurance that systems of control have been maintained during this period. In addition, work was undertaken in respect of duplicate payments and declarations of interest which did not identify any major weaknesses. Audit Services has continued to monitor the submissions of the School Financial Value Standard (SFVS) returns by Derbyshire local authority controlled schools to ensure they have met the Department for Education (DfE) required submission date of 31 March 2021.

Detailed Analysis – Adult Social Care and Health

Departmental Performance	2019-20	2020-21	Departmental Opinions	2019-20	2020-21
Days within the Approved Audit Plan	333	299	Substantial	0	-
Actual days delivered	331	245	Qualified	17	5
Percentage of Departmental Audits achieved	99%	82%	Limited	5	3
Number of Reports/ Memoranda Issued	22	9	No	0	-
			Other (including letters)	-	1

The Unit undertook work on Departmental systems and procedures, themed and operational projects, and IT system reviews. Audit Services issued 9 Reports and Memoranda within the Department, which are detailed within **Appendix 1**. An overview of the main Audit Opinions are shown below:

Adult Social Care and Health Departmental Review

The Departmental Audit considered management and administration, budgetary control, risk management and human resources together with regulatory, legislative and ISO27001 compliance. This identified that the Adult Social Care and Health Department had adequate procedures in place to effectively undertake the duties conferred on it by statute, central government guidance and the Council Constitution.

Areas for improvement included the need to ensure that pre-planned, targeted testing of the Department's business continuity arrangements were completed and to critically evaluate the effectiveness of these arrangements before they need to be utilised. Line managers also need to ensure the Council's human resources policies are consistently applied especially in terms of acting-up arrangements and staff who may be working excessive hours.

Deputyship System

The Department acts as Deputy for individuals who are deemed as lacking capacity to manage their own financial affairs when there is no-one else appropriate, able or willing to perform this role. Particular consideration was given to the creation of Deputyship arrangements, their ongoing administration, oversight and associated fees and charges, and the

administration of clients' property and assets. Improvements were evident following the previous Audit review, with a dedicated team and associated working arrangements now in place to effectively discharge the Council's duties as a nominated Deputy or Appointee in accordance with the Mental Capacity Act (MCA) 2005, MCA Code of Practice and the Public Guardian Practice Note 01/2016. Building on the progress made, further opportunities for improvement were recommended through the creation of a formal Scheme of Delegation for the Deputyship Team and the strengthening of monthly reconciliation processes in key areas.

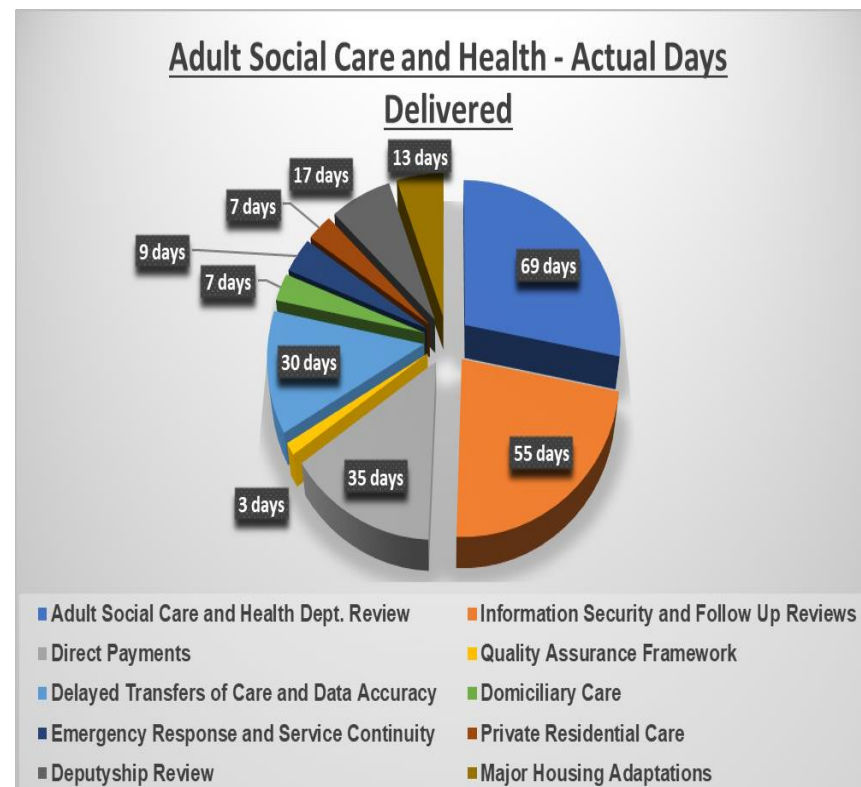
Delayed Transfers of Care and Data Accuracy

A Delayed Transfer of Care (DTOC) occurs when a patient is ready for discharge from NHS-funded acute or non-acute care and is still occupying a bed. This review focussed on the processes in place for patients' transfer of care, the reporting of DTOC to NHS England and the plans in place to reduce DTOC.

A number of areas of good practice were identified during the Audit and it was positive to note that work continued throughout the Covid-19 pandemic, both on site and utilising home working opportunities. Areas of service improvement were made to encourage the Department to use the NHS England Improvement Tool and East Midlands DTOC updates as well as increasing reporting in respect of DTOC to Members and Management. The Department were reviewing the option of introducing a 7-day working week in order to ensure that hospital discharges can operate efficiently and do not have to rely on volunteers from the Out of Hours Service.

Direct Payments

The provision of personal budgets and the associated right of an individual to choose to receive their personal budget as a direct payment is part of the Government's agenda to promote independence and choice by allowing individuals to choose how, by whom, and at what costs their needs are met. This review considered the systems and controls relating to the identification of social care needs, the calculation of an indicative budget and the payment of some, or all, of this



budget to clients as a direct payment. Consideration was given to the monitoring of direct payments and the identification and investigation of potentially fraudulent activity.

The review concluded that there had been improvements in respect of Direct Payments since the previous audit. There were however, still further areas to address in respect of the policies, procedures and documents listed on the Council's Direct Payment website to ensure that they are current. The procedures could also be improved by clearly stating the action that should be taken to notify interested parties of potentially fraudulent direct payment activity.

Adult Social Care and Health IT Systems

A number of new IT systems and information security arrangements were reviewed in respect of Derbyshire Integrated Sexual Health, Activity Recording and Scheduling, Autism Support Service and Welfare Rights. In response to the Covid-19 pandemic, Audit Services reviewed the systems for managing and recording lateral flow testing as it was being developed and implemented.

A number of the suppliers audited during the period were found not to have a consistent baseline of information security procedures in place to minimise the opportunity for unauthorised data access or reduce the threat of system compromise. Areas of concern related to the absence of effective business continuity arrangements, use of encryption (especially on portable devices including laptops) and failure to engage with the Government backed Cyber Essentials scheme.

Covid-19 and Other Grant Certification and Support

S.31 Demand Led Grant for Community Testing Funding. Audit Services worked with Public Health operational and financial staff to provide cost and activity data to the Department of Health and Social Care relating to the operation of the Covid-19 Community Testing and Community Collect programmes within Derbyshire in the period 21 December 2020 to 31 May 2021. This involved the review of forecast and actual testing data and the audit of £2.875m programme costs. With the Community Testing programme now extended to 31 March 2022, Audit Services will continue to undertake monthly grant returns through the 2021-22 financial year.

HIV Pre-Exposure Prophylaxis (PrEP) grant. Audit Services undertook testing on the use of £66,520 PrEP grant funding by the Public Health Department in 2020-21. Based on this work, Audit Services were able to provide assurance to the Managing Executive Director (CCP) and the Director of Public Health that grant monies had been utilised appropriately and as such, to facilitate the signing of the Annex C 'Statement of Grant Usage'.

Detailed Analysis – Economy, Transport and Environment

Departmental Performance	2019-20	2020-21	Departmental Opinions	2019-20	2020-21
Days within the Approved Audit Plan	150	170	Substantial	-	-
Actual days delivered	192	132	Qualified	4	3
Percentage of Departmental Audits achieved	128%	77%	Limited	-	-
Number of Reports/ Memoranda Issued	10	4	No	-	-
			Other (including letters)	6	1

The Unit undertook work on Departmental systems and procedures, themed and operational projects, and IT system reviews. Audit Services issued 4 Reports and Memoranda within the Department, which are detailed within **Appendix 1**. An overview of the main Audit Opinions are shown below:

Departmental Review

As the 2020-21 Departmental review was scheduled in the final quarter of the 2020-21 Audit year, the review had not been finalised before 31 March 2021. The outcome from the 2019-20 review reported during 2020-21 confirmed that the Department continued to operate within a framework of policies, procedures and associated governance arrangements which are generally fit for purpose. Budgetary control arrangements were robust with the most significant challenge for the Department relating to the delivery of budget savings.

Potential improvements were identified in relation to elements of the recruitment and selection procedures for new staff and information security awareness at certain external establishments.

IT Review - Waste Management Accounting System Replacement

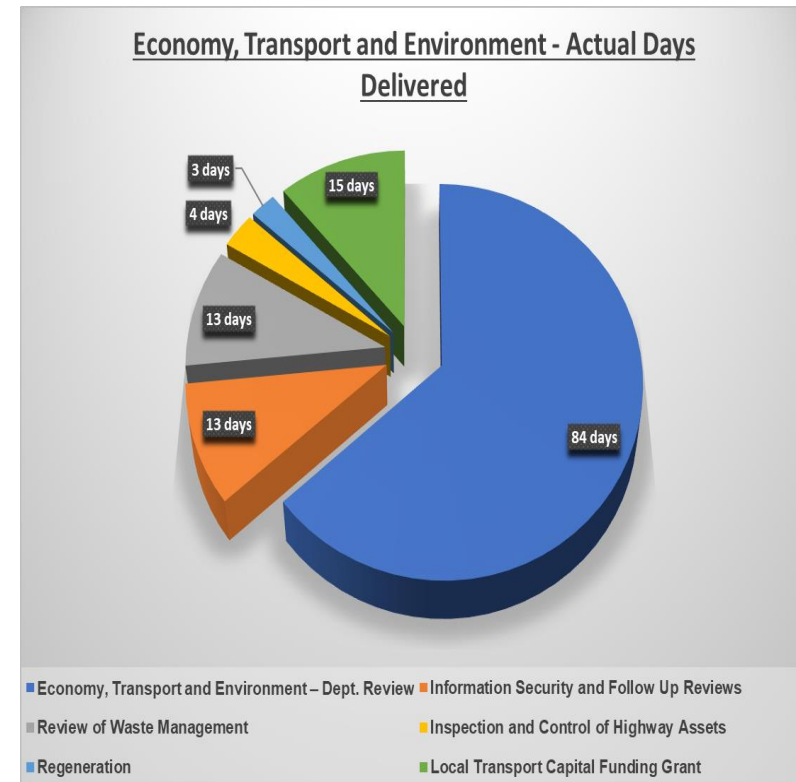
The Audit identified a satisfactory level of control was in place for most of the areas reviewed as part of the testing. Whilst a small number of recommendations were raised with the supplier, none of these were deemed 'High' priority. Enhancements to the 'live' system configuration settings as part of the implementation process addressed the remaining matters identified during the Audit.

Covid-19 and Other Grant Certification and Support

During the year Audit have helped support the Department's grant certification requirements by undertaking independent reviews of the following grants received from central government:

- Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant Determination involving in excess of £22m provided by the Department for Transport for the 2019-20 financial year
- Local Authority Bus Subsidy Ring-Fenced (Revenue) Grant involving £896,500 provided by the Department for Transport for the 2019-20 financial year.

In both cases Audit completed an independent certification and sign-off following detailed testing of a sample of transactions to confirm the conditions attached to each grant determination had been complied with. There were no significant reporting issues arising from this work.



Unplanned Work (As reported to Audit Committee on 27 May 2020)

Performance	2019-20	2020-21	Departmental Opinions	2019-20	2020-21
Days within the Approved Audit Plan	-	0	Substantial	-	1
Actual days delivered	-	508	Qualified	-	6
Percentage of Audits achieved	-	-	Limited	-	-
Number of Reports/ Memoranda Issued	-	8	No	-	-
			Other (including letters)	-	1

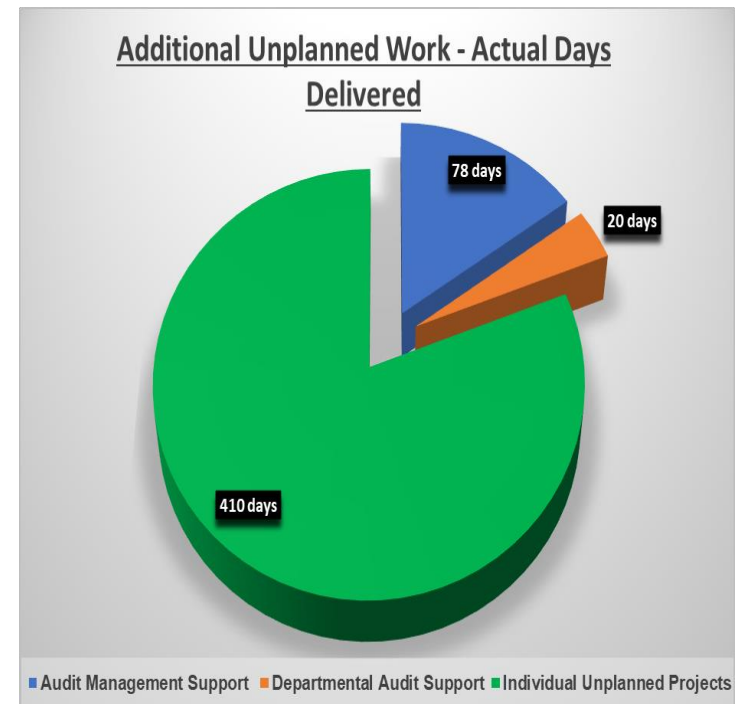
During the majority of 2020-21, challenges were faced in terms of progressing planned projects and therefore Audit staff were deployed on more targeted reviews in areas of specific risk e.g. checks on potential duplicate payments.

Duplicate Payments Review

Over 539,000 of the Council's invoices and 174,000 invoices paid on behalf of schools were analysed using the Audit analytical software IDEA. Investigations confirmed no duplicate payments had been being made in respect of the Council's invoices, although twenty-nine suspected duplicate payments on behalf of schools were identified, with a potential recoverable value of £16,943.59. The affected schools were contacted by Audit staff to arrange recovery action.

Hospitality, Hotels & Meals Review

A review of supporting documentation and transactions was undertaken to evaluate whether these payments were appropriate and represented best value in the procurement of goods and services. Improvements were recommended to improve the policy framework to guide staff when receiving hospitality or claiming meals. Further clarity was also required to manage corporate donations and sponsorship of Council events.

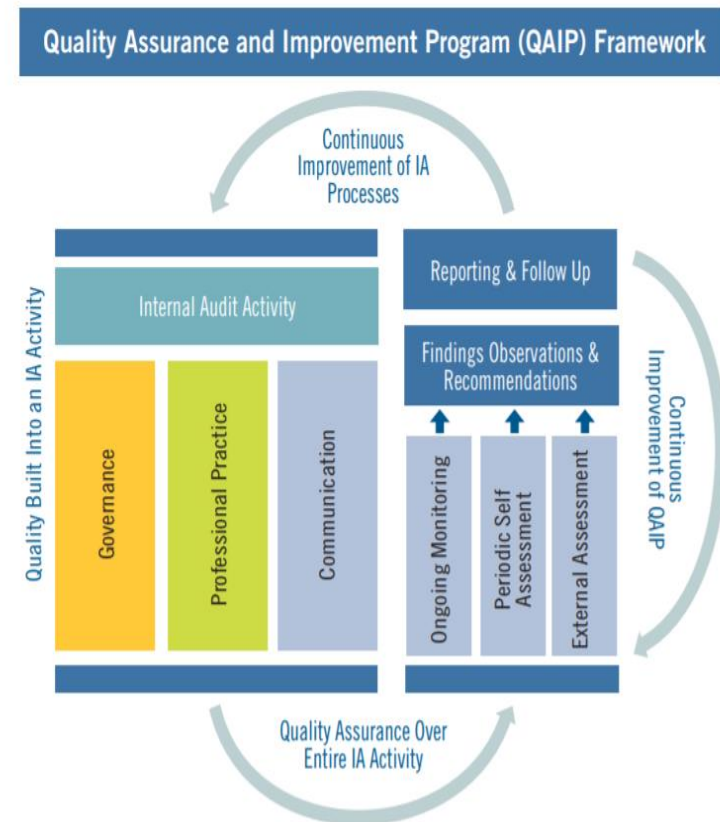


Quality Assurance and Improvement Programme & KPIs

Quality Assurance and Improvement Programme

In order to comply with the PSIAS the Head of Audit is required to develop and maintain an ongoing Quality Assurance and Improvement Programme (QAIP), to ensure that working practices continue to conform to the required professional standards. The results of the QAIP should be reported to senior management and the Audit Committee along with any areas of non-conformance. The QAIP consists of various elements, and Audit Services have policies and procedures in place which are designed to ensure that the Unit carries out its work in compliance with its approved QAIP. These include:

- The Audit Services' Manual contains procedures and professional standards, the requirements of professional best practice and guidance relevant to the work of the Unit;
- Ongoing monitoring of the performance and quality control of the work of Audit Services is achieved through day to day supervision, review and measurement of internal audit activity;
- Agreed key performance indicators that are linked to the Audit Plan and defined deliverables;
- All Audit staff are required to complete an annual declaration of interests form, participate in the MyPlan process and undertake core training including information governance, health and safety, customer service and employee wellbeing.



Key Performance Indicators (KPIs)

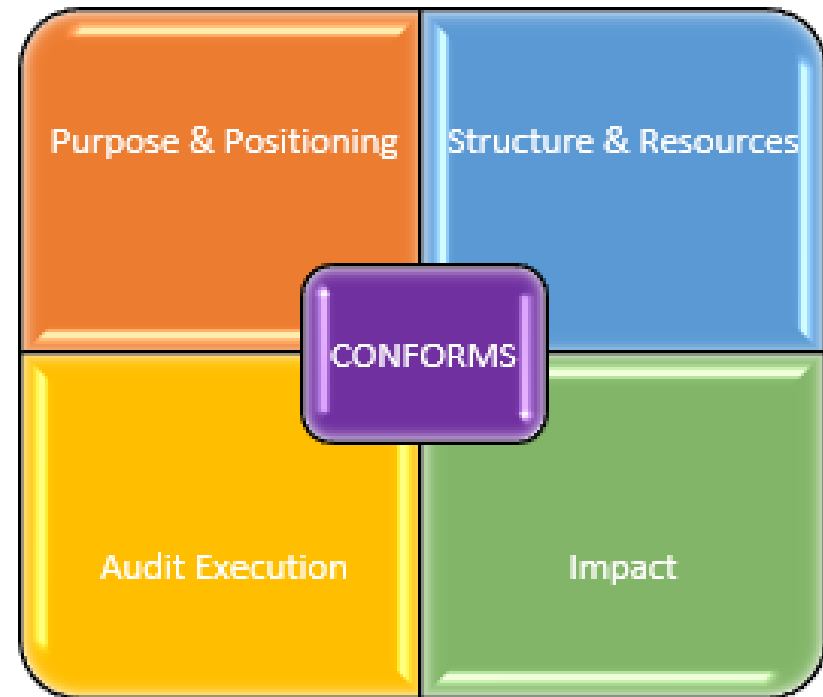
Following the external review of Audit Services in 2019 by Cipfa C.Co the Key Performance Indicators (KPIs) for the Unit were refreshed, updated and approved by Audit Committee on 27 May 2020. The Unit's current and previous years' progress against the KPIs is summarised in **Appendix 2**.

External Assessment

In line with the requirements of the PSIAS, external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The detailed results of this external review were reported to the Audit Committee on 10 December 2019.

In the most recent external assessment of the Unit by Cipfa C.Co in 2019, the final report confirmed full compliance with the PSIAS adding *'The Internal Audit team is made up of officers with a wide range of skills and experience able to cover a broad range of audit assignments without the need to bring in additional, specialist support to deliver the Plan*

A detailed review of the Internal Audit team's core audit management system, MK Insight, and associated working papers has identified a good standard of documentation to support audit findings with clear evidence of review and challenge of findings and assumptions where appropriate'.



Satisfaction Questionnaires

Questionnaires allow Audit Services to gather valuable information to enable us to monitor and improve our service. The questionnaire seeks auditees' views on a number of areas including the preparation for an Audit, professionalism of the Audit staff, and overall value added from the Audit outcome. A summary of the responses are detailed below:

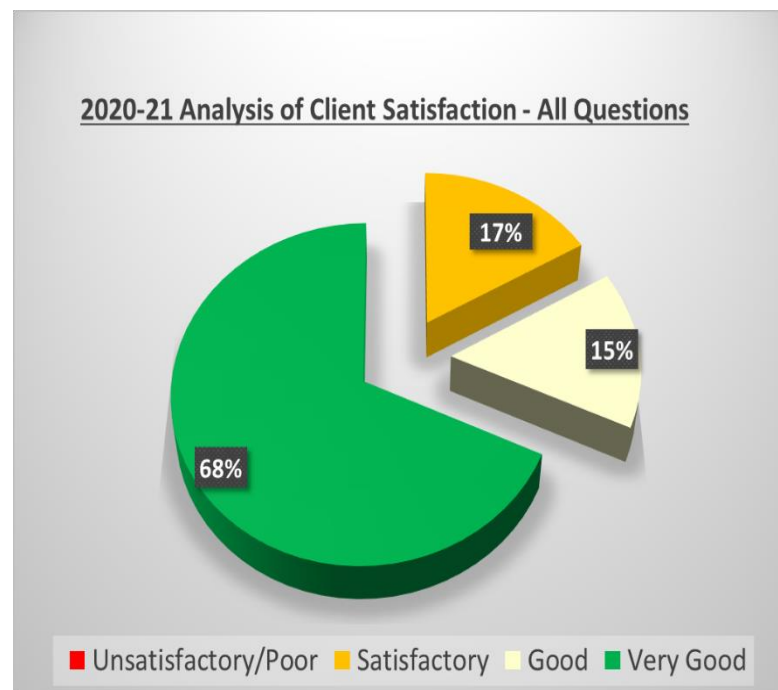
	2019-20	2020-21
Questionnaires Issued	54	34
Questionnaires Returned	13	8
Percentage Return	24%	24%

Detailed responses received from these questionnaires for the last three years are set out at **Appendix 3** and provide an independent assurance that clients value the service being delivered and the Audit product. Based on these responses it is reassuring to note that the vast majority rate the service as good or very good, and that overall the high level of client satisfaction is being maintained.

Questionnaires were issued to Executive Directors and Directors within CCP as key stakeholders to obtain their feedback on the Audit service. The responses received strongly agreed or agreed that:

- they had appropriate levels of input to the preparation of the Audit Plan and planning process;
- Audit had adequate profile and influence within the Council in order that it can work effectively and add value;
- Audit consistently undertakes quality Audit work which provides the Council and Senior Managers with effective levels of assurance;
- Audit engages with key stakeholders effectively throughout the Audit process;
- Audit demonstrate a professional, constructive and objective approach.

An area for development related to the timely issuing of Audit Memoranda at the completion of the review. Whilst this is part of regular and ongoing monitoring, the impact of Covid-19 and reduced level of Audit staff resources have impacted on the opportunity to make sustained improvements in this area.



Acknowledgement

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of the 2020-21 Audits.

We also wish to record our appreciation to the Audit staff for their professionalism and commitment throughout a very difficult year without which, we would not have been able to achieve the outcomes detailed within this Report.

Daniel Ashcroft
Audit Manager

Philip Spencer
Audit Manager

Appendix 1 - Progress Against the 2020-21 Audit Plan

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
Corporate Activities – The 2020-21 Audit Plan included an allocation of 1,060 days over the following areas												
Corporate Projects												
VP018 East Midlands Broadband (emPSN)	5	-	2									
VP037 Workforce Development/ Succession Planning	30	1	3									Unable to schedule Audit due to staff resources
VP044 D2N2 LEP	50	-	59	Qualified	1 x Qualified 1 x Letter	↔	0	2	2	0	1 (1M)	Audit of the LEP administration and grant certification work including - Growth Hub Funding Grant and Peer Network Grant
VP047 Supply Chain Failure	20	-	29	Qualified	Qualified	↔	-	4	2	1	1 (1H)	
VP053 Cyber Security Review	30	-	-									Although it was reported to Audit Committee that a Cyber Security Group had been established, this has not happened, but will be progressed in 2021-22.
VP055 Corporate Culture	30	-	-									Note 1
VP056 Health & Safety	20	-	5									Note 1
VP058 Serious & Organised Crime	10	-	4	N/A	Letter	N/A	0	0	0	0	-	
VP062 Data Protection Compliance	20	-	32	-	-	-	-	-	-	-		Outcome of the review reported to the Council's Information Governance Group
VP064 New Delivery & Commissioning Models/Partnership Working	30	-	-									Unable to schedule Audit due to staff resources
VP065 Financial Resilience and ABC	-	2	-	Qualified	Qualified	↔	0	3	12	6	9 (1H, 5M, 3L)	Memo relates to 2019-20
VP066 Maintenance of Council Properties	30	-	44	N/A	Limited	↔	0	3	6	2	-	
VP067 Climate Change	30	-	12									Work ongoing at the year end
VP068 Major Incident Response	30	-	-									Unable to schedule Audit due to staff resources
VP069 Fraud Awareness	-	-	24									Additional unplanned work.
Total	335	3	214	-	-	-	0	12	22	9	11	
Corporate Governance												
CO002 Business Continuity Planning	20	-	3	Limited	Limited	↔	1	2	1	0	7 (5H, 1M, 1L)	Memo relates to 2019-20 Note 1
CO004 Community Safety	-	13	-	Qualified	Qualified	↔	0	1	9	1	5 (4M, 1L)	Memo relates to 2019-20
CR001 Embedding Corporate Governance	40	12	62	N/A	Qualified	↔	0	0	0	0	-	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
CR005 Services to Members	-	17	-	Qualified	Qualified	↔	0	12	11	5	9 (2H, 5M, 2L)	Memo relates to 2019-20
CR006 Corporate Health Check	20	-	-									Note 1
CR007 Information Governance Group & Support	20	-	50									Supporting the work of the Council's Information Governance Group and related queries.
Total	100	42	115	-	-	-	1	15	21	6	21	
Corporate Fraud Prevention												
CZ100 External Audit Liaison	5	-	4									
CZ200 National Fraud Initiative	20	-	49									
CZ300 National Anti-Fraud Network	10	-	13									
CZ400 RIPA Management & Admin	5	-	2									
ZZ000 Internal Audit-Special Investigations General	385	27	77	N/A	Letter	N/A	0	11	0	0	-	
Total	425	27	145	-	-	-	0	11	0	0	-	
Audit Planning Contingency												
XX000 Audit Planning Contingency	200	-	-	-	-	-	-	-	-	-	-	-
Total	200	-	-									
Corporate Activities Total	1,060	72	474	-	6 x Qualified 2 x Limited 3 x Letter		1	38	43	15	32 (9H, 16M, 7L)	

Note 1 - As reported to Audit Committee on 2 February 2021 - Unable to progress due to the Covid-19 pandemic.

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
Commissioning, Communities and Policy Department - The 2020-21 Audit Plan included an allocation of 705 days over the following areas												
Departmental Review - Management & Administration (CCP)												
CA100 Commissioning, Communities and Policy Departmental Review	60	8	86	Qualified	Qualified	↔	0	6	12	8	15 (2H, 5M, 8L)	Memo relates to 2019-20. Time includes general support to the Department
CA102 External Grants and Certifications	10	-	9	N/A	Letter	N/A	0	0	0	0		
CA104 Information Security and Follow Up Reviews	45	9	119	N/A	5 x Qualified 1 x Letter	↔	0	5	8	7	9 (6H, 3M)	Including new and enhanced IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on 17 different projects throughout the year including: <ul style="list-style-type: none"> • Channel Shift IT solution • Corporate Helpdesk IT solution • AVC Wise IT solution • Insurance Claims IT solution • Core Systems Interfaces – Follow-up
Total	115	17	214	-	-	-	0	11	20	15	24	
CCP Operational Reviews												
CO006 Public Library Service	5	-	-									Note 1
CO007 Democratic Services	25	-	5									Work ongoing at the year end
CO008 Communications and Call Derbyshire	25	-	-									Note 1
CO009 Implementation of ICT Strategy	25	-	-									Unable to schedule Audit due to staff resources
Total	80	-	5	-	-	-	-	-	-	-	-	
Divisional Activity – Major Systems												
MA100 Core Financial Systems – General Queries	5	-	11									
MB100 Human Resources Management	40	11	40	Qualified	Substantial	↑	0	0	5	4	2 (2M)	Memo relates to 2019-20
MC100 Accounts Payable (2019-20)	-	3	-	Qualified	Substantial	↑	0	0	7	4	3 (2M, 1L)	Memo relates to 2019-20
MC100 Accounts Payable	40	-	44	Substantial	Substantial	↔	0	0	7	1	2 (2L)	
MD100 Corporate Purchasing	40	9	23	Qualified	Qualified	↔	0	5	10	4	7 (5H, 2M)	Memo relates to 2019-20
ME100 Accounts Receivable	35	-	35	Substantial	Substantial	↔	0	0	2	5	-	
MG100 Accountancy, Budgetary Control and Financial Resilience	45	-	54									
MK100 Asset Management System	30	-	42	Qualified	Limited	↓	0	11	17	1	7 (3H, 3M, 1L)	
ML100 Funds Management	50	3	24	Qualified	Substantial	↑	0	0	1	8	-	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
MM100 Treasury Management		2	-	Substantial	Qualified	↓	0	1	2	5	2 (1M, 1L)	Memo relates to 2019-20
Total	285	28	273				0	17	51	32	25	
Divisional Activity – Probity and Compliance												
DC200 HM Revenue & Customs Compliance	20	22	-	Qualified	Qualified	↔	0	2	6	3	3 (1H, 2M)	Memo relates to 2019-20
DE101 Cash Audit & ISO 27001 Visits	20	-	-									Note 1
DE400 Pensions Administration	25	40	-	Qualified	Qualified	↔	0	1	6	3	-	
DE500 Insurance & Risk Management	30	-	-									Unable to schedule Audit due to staff resources
Total	95	62	-								3	
Divisional Activity – Corporate/ Departmental IT Systems												
DK100 Systems Development Controls (CCP)	20	-	28	N/A	Qualified	↔	0	12	6	1	-	
DK500 Network Infrastructure Review (CCP)	15	-	8									Unable to schedule Audit due to staff resources
DK823 Server Infrastructure Review (CCP)	20	-	-									Note 1
DK888 Bacs Payment System Review (CCP)	15	25	-	Limited	Limited	↔	0	13	5	0	8 (5H, 3M)	Memo relates to 2019-20
DK923 Corporate Database Review (CCP)	20	-	19	Qualified	Qualified	↔	0	3	9	1	3 (1H, 2M)	
Total	90	25	55				0	28	20	2	11	
Divisional Activity – County Property Division												
DV100 Property Services Review	20	-	-									Note 1
Total	20	-	-									
Regulatory												
QE100 Registration Service Audit Review	20	-	-									Note 1
Total	20	-	-									
Departmental Total	705	132	547		5 Substantial 12 x Qualified 2 x Limited 2 x Letter		0	59	103	55	61 (23H, 25M, 13L)	

Note 1 - As reported to Audit Committee on 2 February 2021 - Unable to progress due to the Covid-19 pandemic.

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
Children's Services Department – The 2020-21 Audit Plan included an allocation of 650 days over the following areas												
Departmental Review – Management & Administration (CS)												
AA001 Children's Services – Departmental Review	45	7	72	Qualified	Qualified	↔	0	7	11	9	15 (6H, 6M, 3L)	Memo relates to 2019-20. Time includes general support to the Department
AA004 Information Security and Follow Up Reviews	35	1	3	N/A	Qualified	↔	0	0	3	0	-	Including new and enhanced IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on 4 different projects throughout the year including: <ul style="list-style-type: none"> • S4S Traded Services IT solution • Live On-Line Lessons IT Solution • Children at Risk of Exploitation Memo relates to 2019-20
Total	80	8	75				0	7	14	9	15	
Primary, Nursery & Special Schools												
Imprest Budget	348	-	56.5									Includes school administration support
AC021 Castleton	-	-	13	Qualified	Qualified	↔	0	8	10	7	4 (2H, 1M, 1L)	Virtual Audit
AC032 Doveridge	-	-	7	Qualified	Qualified	↔	0	3	6	5	5 (1H, 3M, 1L)	Virtual Audit
AC034 Elton	-	-	6	Qualified	Qualified	↔	0	1	12	7	6 (2H, 2M, 2L)	Virtual Audit
AC055 Biggin Primary	-	-	9	Qualified	Qualified	↔	0	8	8	6	6 (5H, 1M)	Virtual Audit
AC088 Osmaston Primary School	-	-	8	Qualified	Qualified	↔	0	4	8	6	6 (2H, 1M, 3L)	Virtual Audit
AC103 Wirksworth Junior School	-	-	5	Qualified	Qualified	↔	0	10	13	2	3 (2H, 1M)	Virtual Audit
AC105 Middleton	-	-	7.5	Qualified	Qualified	↔	0	3	12	5	8 (1H, 5M, 2L)	Virtual Audit
AC170 Rigdeway Primary School	-	-	7	Qualified	Qualified	↔	0	4	10	9	2 (1H, 1M)	Virtual Audit
AC219 Tibshelf Infant & Nursery	-	-	8	Qualified	Qualified	↔	0	3	2	4	2 (2H)	Virtual Audit
AC233 Woodbridge	-	-	7	Qualified	Qualified	↔	0	7	3	7	3 (3H)	Virtual Audit
AC298 Parklands Infant School	-	-	7	Qualified	Qualified	↔	0	6	4	4	3 (2M, 1L)	Virtual Audit
AC447 Weston on Trent	-	-	4	Qualified	Qualified	↔	0	4	1	1	2 (1H, 1L)	Virtual Audit
AE012 Brackenfield	-	-	9	Qualified	Limited	↓	1	5	6	8	4 (2H, 2M)	Virtual Audit
Total	348	-	154				1	66	95	71	54	
Secondary Schools												

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
Secondary Schools	56	-	-									Note 1
Total	56	-	-									
School - Information Security Reviews												
Information Security Reviews	35	5	8	N/A	2 x Qualified	↔	0	0	0	0	-	Including new and enhanced IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on 4 different projects throughout the year including: <ul style="list-style-type: none"> School Library IT solution Mathletics School IT solution
Total	35	5	8				0	0	0	0	-	
Children's Homes												
Children's Homes	16	-	-									Note 1
Total	16	-	-									
Derbyshire Outdoors												
AM001 Derbyshire Outdoors Lea Green	10	-	-									Note 1
Total	10	-	-									
Themed and Operational												
AO013 Troubled Families Programme	30	-	42									
AO015 Adult Community Education	25	-	33	Qualified	Substantial	↑	0	0	2	6	2 (1H, 1L)	
AO020 Derbyshire Music Partnership	25	-	-									Note 1
AO026 Use of Personal Budgets for Children with SEND	25	-	50	N/A	Qualified	↔	0	7	5	5	-	
AO016 Starting Point	-	2	-	Qualified	Qualified	↔	0	8	6	2	6 (3H, 1M, 2L)	Memo relates to 2019-20
AO021 Review of Commissioning & Partnership Working	-	-	7	Qualified	Qualified	↔	0	2	2	0	4 (2H, 2M)	
AO022 Impact of Children in Care	-	-	6	Qualified	N/A	↔	0	1	0	1	2 (1M, 1L)	No opinion provided due to limited scope of a follow-up review
Total	105	2	138				0	18	15	14	14	
Departmental Total	650	15	375		1 x Substantial 19 x Qualified 1 x Limited 1 x N/A		1	84	113	85	83 (36H, 29M, 18L)	

Note 1 - As reported to Audit Committee on 2 February 2021 - Unable to progress due to the Covid-19 pandemic.

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
Adult Social Care and Health Department – The 2020-21 Audit Plan included an allocation of 299 days over the following areas												
Departmental Management and Administration Review												
BA001 Departmental Review Management and Administration	45	-	69	Qualified	Qualified	↔	0	7	7	9	12 (5H, 4M, 3L)	Memo relates to 2019-20. Time includes general support to the Department
Total	45	-	69				0	7	7	9	12	
Public Health												
Public Health	25	-	-									Note 1
Total	25	-	-									
Information Security and Follow Up Reviews												
Information Security and Follow Up Reviews	70	1	54		3 x Limited	↔	0	9	3	0	-	Including new and enhanced IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on 7 different projects throughout the year including: <ul style="list-style-type: none"> • Activity and Recording IT solution • Autism Support Service • Welfare Rights IT solution • Lateral Flow Testing IT solution
Total	70	1	54				0	9	3	0	-	
Social Care – Elderly Residential												
Elderly Residential	24	-	-									Note 1
Total	24	-	-									
Social Care - Day Care - Physical/Mental Disability												
Day Care - Physical/Mental Disability	24	-	-									Note 1
Total	24	-	-									
Social Care - Day Care & Hostels												
Day Care & Hostels	20	-	-									Note 1
Total	20	-	-									
Social Care - Community Care Centres												
Community Care Centres	16	-	-									Note 1
Total	16	-	-									

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
Themed and Operational												
BO022 Direct Payments	25	-	35	Limited	Qualified	↑	0	3	3	3	2 (1H, 1M)	
BO026 Review of Quality Assurance Framework	25	-	3									
BO027 Delayed Transfers of Care and Data Accuracy	25	-	30	N/A	Qualified	↔	0	5	5	1		
BO002 Domiciliary Care	-	-	7	Qualified	Qualified	↔	0	2	4	1	8 (2H, 5M, 1L)	
BO018 Emergency Response and Service Continuity	-	-	9									
BO008 Private Residential Care	-	7	-	Limited	N/A	↔	0	0	1	0		Memo relates to 2019-20 No opinion provided due to limited scope of a follow-up review
BO012 Deputyship Review	-	17	-	Limited	Qualified	↑	0	4	7	4	5 (4H, 1M)	Memo relates to 2019-20
BO017 Major Housing Adaptations	-	-	13									
Total	75	25	97				0	14	20	9	15	
Departmental Total	299	25	220		5 x Qualified 3 x Limited 1 x N/A		0	30	30	18	27 (12H, 11M, 4L)	

Note 1 - As reported to Audit Committee on 2 February 2021 - Unable to progress due to the Covid-19 pandemic.

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
Economy, Transport and Environment Department – The 2020-21 Audit Plan included an allocation of 170 days over the following areas												
Departmental Management & Administration Review												
HA100 Economy, Transport and Environment – Departmental Review	45	29	55	Qualified	Qualified	↔	0	5	13	9	11 (4H, 6M, 1L)	Memo relates to 2019-20. Time includes general support to the Department.
Total	45	29	55				0	5	13	9	11	
Information Security and Follow Up Reviews												
HA103 Information Security and Follow Up Reviews	15	2	11		2 x Qualified	↔	0	0	6	0	-	
Total	15	2	11				0	0	6	0	-	
Themed and Operational												
HO001 Review of Waste Management	25	-	13									
HO006 Concessionary Fares	20	-	-									Note 1
HO021 Public Transport & Taxi Contracts	25	-	-									Note 1
HO029 ETE Grants	15	-	-									Time allocated to other Audit codes
HO030 Inspection and Control of Highway Assets	25	-	4									
HO024 Regeneration	-	-	3									
HO026 Local Transport Capital Funding Grant	-	-	15		Letter	N/A						
Total	110	-	35				0					
Departmental Total	170	31	101		3 x Qualified 1 x Letter		0	5	19	9	11 (4H, 6M, 1L)	

Note 1 - As reported to Audit Committee on 2 February 2021 - Unable to progress due to the Covid-19 pandemic.

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
Additional Unplanned Work (As reported to Audit Committee on 27 May 2020)												
Audit Management Support												
Audit Management Support	-	-	78									
Total	-	-	78									
Departmental Audit Support												
Departmental Audit Support	-	-	20									
Total	-	-	20									
Individual Unplanned Projects relating to the Council's Activities												
VR001 Duplicate Payments Review	-	-	20	N/A	Substantial	↔	0	0	0	0		539,000 Council invoices analysed. No duplicates identified based on criteria including supplier, amount and date of invoice. 174,000 School invoices analysed. Potential duplicate payments identified £16,943.59.
VR002 Photocopier Charges Review	-	-	12	N/A	Qualified	↔	0	2	0	1		Review of photocopier charges in accordance with the Council's current contract provisions.
VR008 Gas and Electricity Review	-	-	2									Verify the Council's energy usage is registered with the correct supplier and billed in accordance with contract rates.
VR009 Agency Staff Review	-	-	8									Review the level and usage of agency staff. Assess governance arrangements in place with individual suppliers.
VR012 Director Checks (CCP)	-	-	18	N/A	Qualified	↔	0	1	0	1		Utilising the publicly available Companies House data match the information against staff declarations of personal interests
VR012 Director Checks (ASC&H)	-	-	17	N/A	Qualified	↔	0	1	0	1		As above
VR012 Director Checks (ETE)	-	-	16	N/A	Qualified	↔	0	1	0	1		As above
VR012 Director Checks (CS)	-	-	16	N/A	Qualified	↔	0	1	0	1		As above
VR014 Network Access to Absence	-	-	8									Review of staff network access against periods of leave to identify potential instances of user account compromise.
VR015 CCTV Expenditure	-	-	3									Following the review of the Council's Surveillance Camera procedures (2019-20), assess CCTV charges across the Authority.
VR017 Hospitality	-	-	18	N/A	Qualified	↔	0	1	3	1		Assess the level of costs in accordance with the Council's procedures.
VR018 Subs & Memberships	-	-	20									Review the nature and extent of costs relating to external memberships and

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		19-20	20-21				Critical	High	Medium	Low		
												subscriptions to professional bodies and other organisations etc.
VR019 Schools Review of Payments	-	-	150	N/A	N/A	N/A	0	0	0	0		The scope of the School reviews was similar to the work undertaken above in relation to activities and transactions processed by the Council.
VR028 Mosaic User Access	-	-	6									Review of staff access (Mosaic) against periods of leave to identify potential instances of user account compromise.
VR029 Provisions for Suppliers and Contractors	-	-	15									Review of payments to suppliers and contractors to ensure continuity of income and maintain further services.
VR030 DfE Digital Devices for Disadvantaged Groups	-	-	4									Assist Children's Services colleagues to implement robust controls for the management of the Department for Education (DfE) IT devices project.
VR031 Covid 19 Returns & Executive Director Decisions	-	-	48									Review of returns to MCHLG in respect of additional expenditure incurred by the Council due to Covid-19 and lost sales/income.
VR032 DCC Suppliers - Registered with ICO	-	-	17									Compare the publicly available register of organisations from the Information Commissioner's Office (ICO) against the Council's Accounts Payable records to assess whether organisations that have been paid by the Authority are registered with the ICO where appropriate.
VR033 Home to School Transport Grant	-	-	5									Grant certification work
VR034 Covid Winter Grant Scheme	-	-	1									Grant certification work
VR035 Community Testing Funding Grant	-	-	6									Grant certification work
Total	-	-	410				0	7	3	6		
Additional Unplanned Work Total	-	-	508				0	7	3	6		
Grand Total - Audit Plan 2020-21	2,884	275	2,226				2	223	311	178		

Audit Opinions	Substantial	Qualified	Limited	No
-----------------------	--------------------	------------------	----------------	-----------

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 control minor weaknesses have been identified which include non-compliance with some control processes. No significant risks to the system/audit area objectives have been detected.
Qualified Assurance	Whilst there is basically a sound system of 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 identified which may put 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 control system which expose the system/audit area to a high risk of failure and the Council to significant reputational risk.
No Assurance	Control has been judged to be inadequate as systems weaknesses have been identified in numerous key areas rendering the overall system of internal control ineffective and leaving the system/audit area open to a significant risk of error, loss, misappropriation or abuse.

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

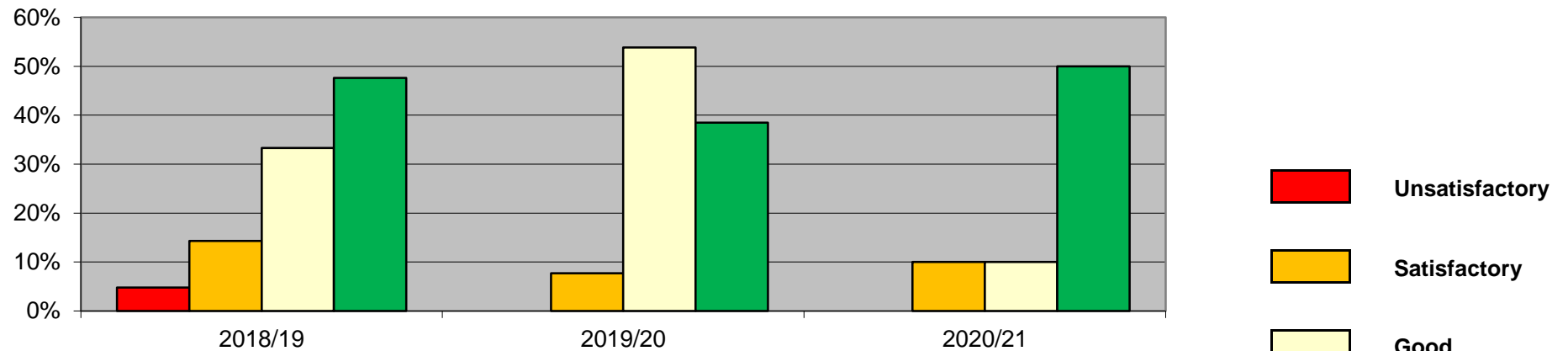
Level	Category	Explanation and significance
1	Critical	Significant strategic, financial or reputational risks where immediate remedial action is considered essential.
2	High	The absence of, significant weakness in, or inadequate internal controls over the operation of key systems or processes which compromise 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 - Key Performance Indicators 2020-21

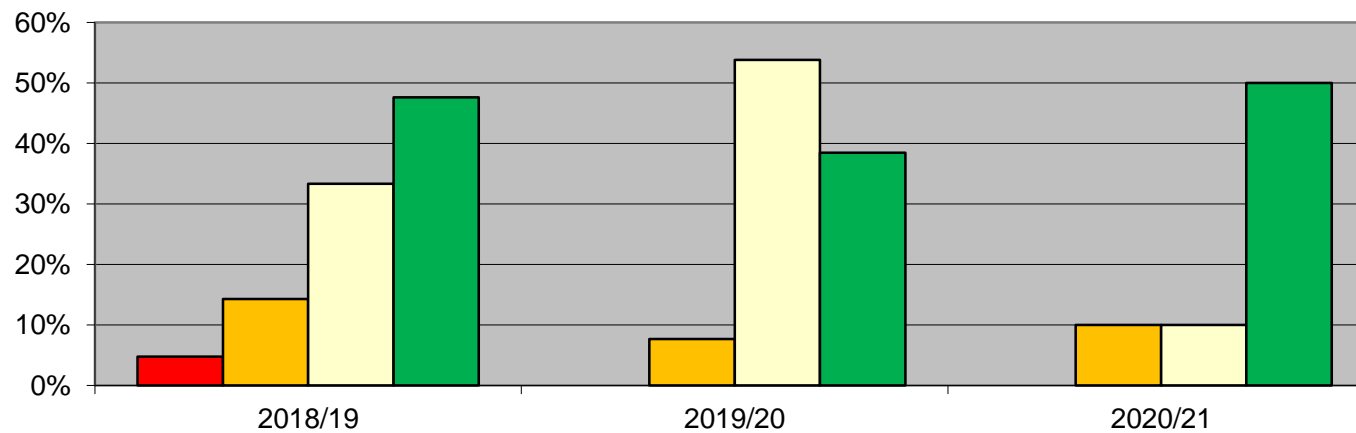
Indicator	Target	2018-19	2019-20	2020-21	Comments
Audit Plan – Achievement of planned Audit days	95%	84.6%	84.4%	86.7%	
Staff Productivity – Achievement of target Audit days	95%	104%	95%	104%	
Completion of Audit staff MyPlan reviews and training identified	100%	100%	100%	100%	
Undertake a risk based Annual Audit Plan formulation exercise	N/A	✓	✓	✓	
Undertake quality assurance reviews of Audits (1 for each Principal Auditor per year)	100%			100%	KPI target agreed for 2020-21 following external review of Audit Services
Limited Audit Opinions reviewed by Assistant Director of Finance (Audit) within 10 days of completion of Draft Memorandum	100%			57%	KPI target agreed for 2020-21 following external review of Audit Services
Percentage of Draft Audit Memoranda issued within 15 working days of fieldwork completion	95%			48.68%	KPI target agreed for 2020-21 following external review of Audit Services
Percentage of Final Audit Memoranda issued within 28 working days of issue of Draft Audit Memorandum	95%			47.37%	KPI target agreed for 2020-21 following external review of Audit Services
Percentage of Recommendations made which are implemented at the time of follow up Audit	90%			71.0%	KPI target agreed for 2020-21 following external review of Audit Services
Audit Assurance – To provide an assurance to the Authority on the adequacy and effectiveness of risk management, control and governance processes	N/A	✓	✓	✓	Annual Report
Client Satisfaction – Percentage of questionnaire responses rating the Audit Product as good or very good	90%	80.95%	92.31%	87.50%	
Annual Survey of Key Stakeholders	N/A	✓	✓	✓	
Delivery of Audit Opinion to Management and Audit Committee in time to inform AGS	N/A	✓	✓	✓	

Appendix 3 - Satisfaction Questionnaires 2020-21

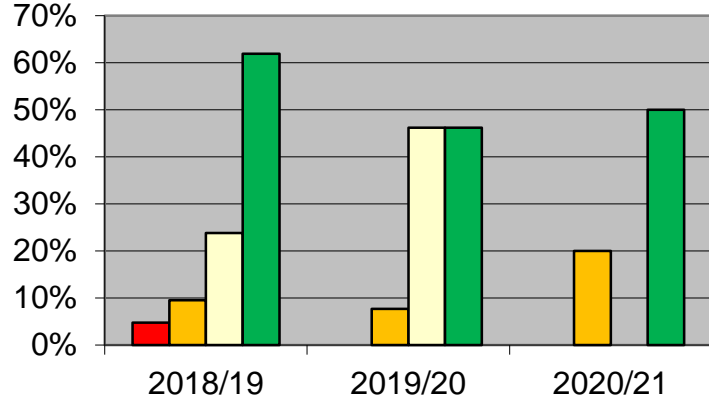
Comparison of repondents' ratings of the value of the pre-audit meeting in respect of providing a brief overview of the Audit and its expected outcomes.



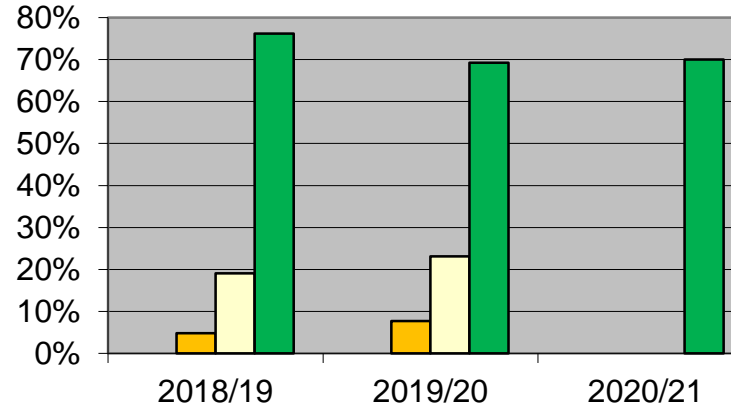
Comparison of repondents' ratings of the value of the pre-audit meeting in respect of providing a brief overview of the Audit and its expected outcomes.



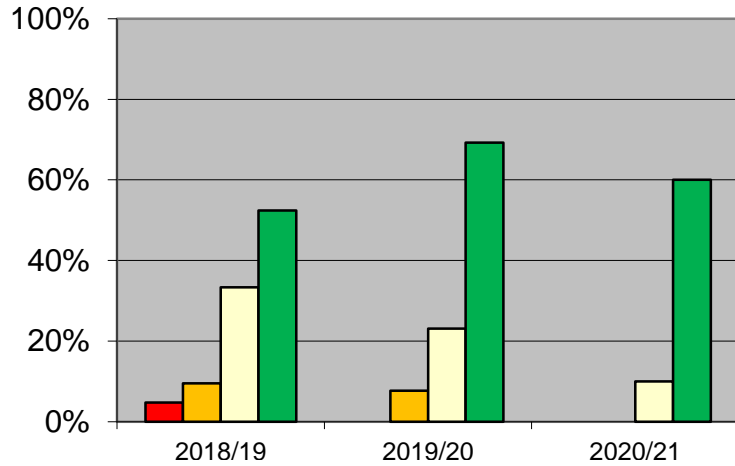
Comparison of respondents' ratings of auditors' understanding and knowledge of the systems, procedures and key risks of the Audit areas



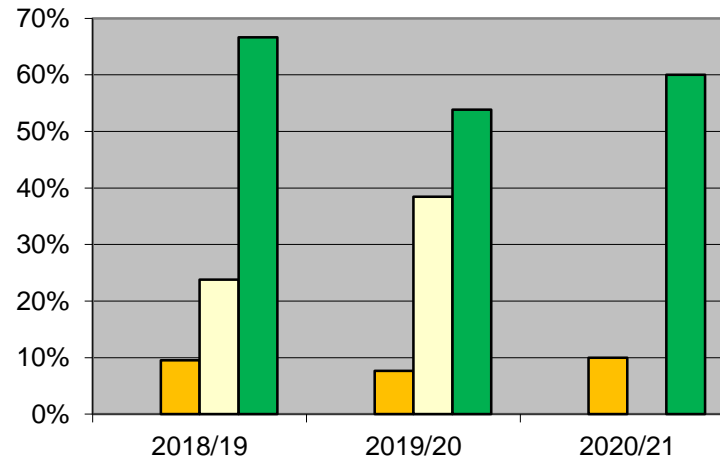
Comparison of respondents' ratings of auditor professional conduct and manner.



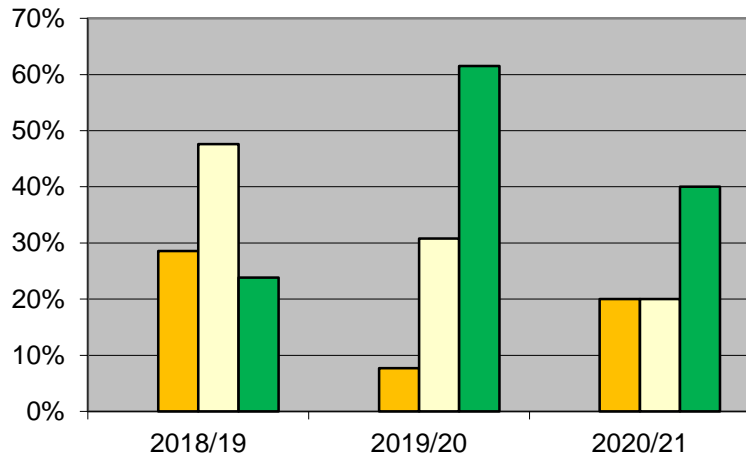
Comparison of respondents' ratings of auditor conduct in terms of minimisation of disruption



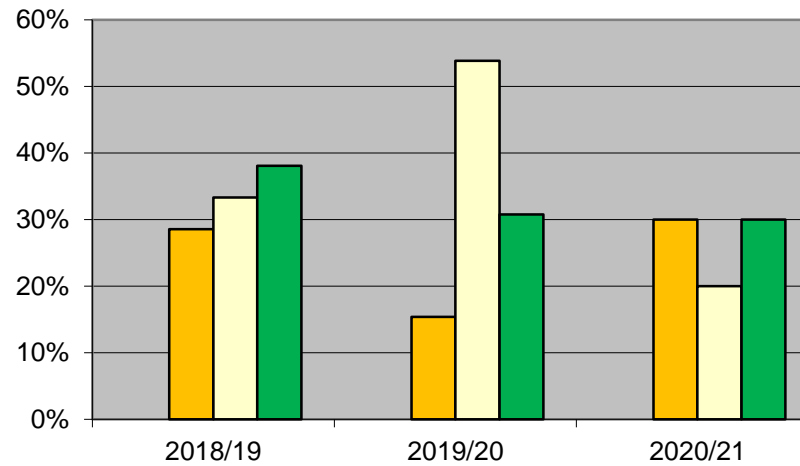
Comparison of respondents' rating of auditors' communication skills.



Comparison of respondents' ratings of the memorandum in terms of its clarity and factual accuracy.



Comparison of respondents' ratings of the value, significance and practicality of findings in the Audit Memorandum.



Comparison of respondents' ratings of the audit Memorandum in providing assurance of the overall level / adequacy of controls in operation and the proper administration of the areas reviewed by the Audit.

