



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

20 July 2021

Report of the Audit Managers

Audit Services Annual Report 2020-21

1. Purpose

- 1.1 To inform Members of the Annual Report for 2020-21 and Audit Managers opinion on the adequacy of the County Council's arrangements for governance, risk management and control.

2. Information and Analysis

- 2.1 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, key issues identified within the year and actions arising from our work.
- 2.2 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 Council'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 Council to inform its governance statement;
 - A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

- 2.3 Reports have been presented to the Audit Committee throughout 2020-21 as part of regular updates 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.
- 2.4 The response to the pandemic has continued to impact on the work of Audit Services during 2020-21, prompting a refocusing of the plan on areas of greatest priority and more targeted reviews that could be delivered without impacting significantly on departmental staff resources. These more detailed pieces of work were targeted to support our overall assessment of governance and control systems, in addition to providing a different perspective to the Audit Opinion.
- 2.5 Throughout this period Audit Services have continued to support Senior Management where changes are required or being considered to operational processes or new systems requiring accelerated implementation. 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. In certain instances, Audits could not be undertaken due to the availability of staff, closure of schools and establishments.

Head of Audit - Audit Opinion

- 2.6 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.
- 2.7 As of this date, we are satisfied that there are no matters which would cause the External Auditor to consider any qualification of the Council's Statement of Accounts.
- 2.8 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.

3. Alternative Options Considered

3.1 The Council has a duty under the PSIAS to provide an annual Internal Audit Report and Opinion on its governance arrangements. Therefore, no alternative options have been considered.

4. Implications

4.1 Appendix 1 sets out the relevant implications considered in the preparation of the Report.

5. Consultation

5.1 No formal consultation was undertaken in the preparation of this report.

6. Background Papers

6.1 Electronic files and Audit working papers held by Audit Services, Finance & ICT Services, County Hall Complex.

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Audit Services Annual Report 2020-21

8. Recommendation(s)

8.1 That Audit Committee are asked to:

- a) consider the detailed Annual Audit Report for 2020-21 and overall assurance opinion,
- b) consider the outcomes of the Audit work completed, and
- b) note the performance of the Audit Services Unit during this period.

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Implications

Financial

1.1 None.

Legal

2.1 The Council has a duty to maintain an adequate and effective system of internal audit of its accounting records and system of internal control, together with a duty to prepare an Annual Governance Statement.

2.2 Audit Services discharges the Council's statutory responsibilities under Regulation 5 of the Accounts & Audit Regulations 2015 and fulfils significant aspects of the Director of Finance & ICT's statutory duties under Section 151 of the Local Government Act 1972.

2.3 The Annual Report is also a requirement of the Public Sector Internal Audit Standards (PSIAS).

Human Resources

3.1 None.

Information Technology

4.1 None.

Equalities Impact

5.1 None.

Corporate objectives and priorities for change

6.1 The Annual Report and work of Audit staff supports the 2021-25 Council Plan key actions for high performing, value for money and resident focused services, by independently assessing Council services and activities.

Other (Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.