



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

21 September 2021

Report of the Assistant Director of Finance (Audit)

Audit Services Unit – Progress Against Audit Plan 2021-22

1. Purpose

- 1.1 To inform Members of the progress against the approved Audit Services Plan for 2021-22 as at 31 August 2021.

2. Information and Analysis

- 2.1 At the meeting of this Committee held on 23 March 2021, Members approved the Audit Services Plan for 2021-22. The Plan was formulated from a risk assessment drawn from a wide range of sources including the Council Plan, the Council's strategic risk register, Departmental risk registers, service plans and meetings with Executive Directors and Directors.
- 2.2 In accordance with the Audit Committee's Terms of Reference this report updates Members on progress against the Plan for the five months to 31 August 2021 and represents work undertaken during that period which is detailed in Appendix 1. An analysis of the progress with the Unit's Key Performance Indicators (KPIs) are detailed in Appendix 2.
- 2.3 In common with previous years, some work forming part of last year's approved Audit Services Plan (2020-21) was completed and reported in the current year. Audit staff routinely follow up progress against agreed recommendations as part of subsequent work in that area.

Operational Matters

- 2.4 Whilst the majority of national Covid-19 restrictions have been lifted and elements of normal life have returned, significant aspects of the Council's operations are still encountering resource challenges and subject to local risk assessments for on-site visitors. The initial phases of the Modern Ways of Working (MWoW) project are progressing in terms of County Hall and other administrative accommodation, although the majority of staff who worked from home in 2020, will continue to do so over the next few months. Auditing remotely increases the time required to complete the review and limits the opportunity to assess local risk factors such as health and safety and information security, especially as the audit is restricted to what can be seen on a screen.
- 2.5 Progress has been made in commencing and delivering reviews within the 2021-22 approved Audit Plan, discussed and agreed with Senior Management, prior to its approval on 23 March 2021. This includes the delivery of operational projects within certain Departments (i.e. Children's Services) and elements of the core finance reviews within Corporate Finance. However, as the halfway point in the year approaches, there are areas where limited audit activity has taken place in either 2020-21 or the current year's Plan. Whilst Audit will continue to deliver the range of reviews within the Plan including establishment and school visits, where possible, the support of senior management to provide resources to complete certain reviews is an ongoing challenge.

Audit Resources

- 2.6 Unfortunately, as reported to the Audit Committee in previous progress updates, the ability to attract professional audit staff remains an ever-present challenge. Colleagues across the County Council Chief Internal Auditors network report similar problems in the successful recruitment and retention of suitably experience professionals.
- 2.7 Since the issue of the Annual Audit Report, a Principal Auditor has commenced maternity leave with another submitting their notice to leave the Council at the end of October 2021. Due to the existing Principal Auditor vacancy within the Audit structure, this will place additional pressures at this critical operational level within the Unit. Steps have been taken to seek replacements for the Audit staff and increase resources at this level.
- 2.8 On a more positive note Dianne Downs has now started with the Council on 6 September 2021 as the new Head of Audit, Insurance and

Risk Management. Following the retirement of Carl Hardman on 31 March 2021, the Council took the opportunity to review reporting and management lines within the Corporate Finance Section and moved responsibility for Insurance and Risk Management. Dianne brings a wealth of experience to the role across a variety of previously held positions, most recently as an Audit Manager at Lincolnshire County Council.

Audit Days

- 2.9 At 31 August 2021, a total of 983 productive days have been delivered against the pro-rata target of 1,134 days (total planned days for 2021-22 is 2,723).

3. Alternative Options Considered

- 3.1 The Council has a duty under the Public Sector Internal Audit Standards (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 Progress Report up to 31 August 2021

8. Recommendation(s)

- 8.1 That Audit Committee are asked to 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.

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.

Audit Services Unit

Progress Against Audit Plan 2021-22

31st August 2021



Background to the Progress Report

At the meeting of this Committee held on 23 March 2021, Members approved the Audit Services Plan for 2021-22, which had been formulated from our risk assessment drawn from a wide range of sources including:

- the Council Plan;
- the Council’s Strategic Risk Register;
- Departmental Risk Registers;
- Service Plans; and
- meetings with Executive Directors and Directors.
(including Executive Director of Commissioning, Communities and Policy (Head of Paid Service), Director of Finance & ICT (Section 151 Officer) and Director of Legal and Democratic Services (Monitoring Officer).

In accordance with the Audit Committee’s Terms of Reference this report updates Members on progress against the Plan for the five months to 31 August 2021 and represents work undertaken during that period which is detailed in **Appendix 1**. An analysis of the priority criteria for Audit recommendations and assurance levels is also included in **Appendix 1**.

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

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.

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Head of Audit - Audit Opinion

On 20 July 2021, the Annual Audit Report for 2020-21 was presented to the Audit Committee. The Report provided a detailed breakdown of the Audit activity including areas of the Plan that were not delivered due to Audit resources or availability of Departmental staff to support individual reviews. The overall Audit Opinion was of a “Qualified Assurance” in terms of the Council’s arrangements for governance, risk management and control. Whilst the arrangements were generally found to be satisfactory, some enhancements were recommended for senior management to action and improve the control framework

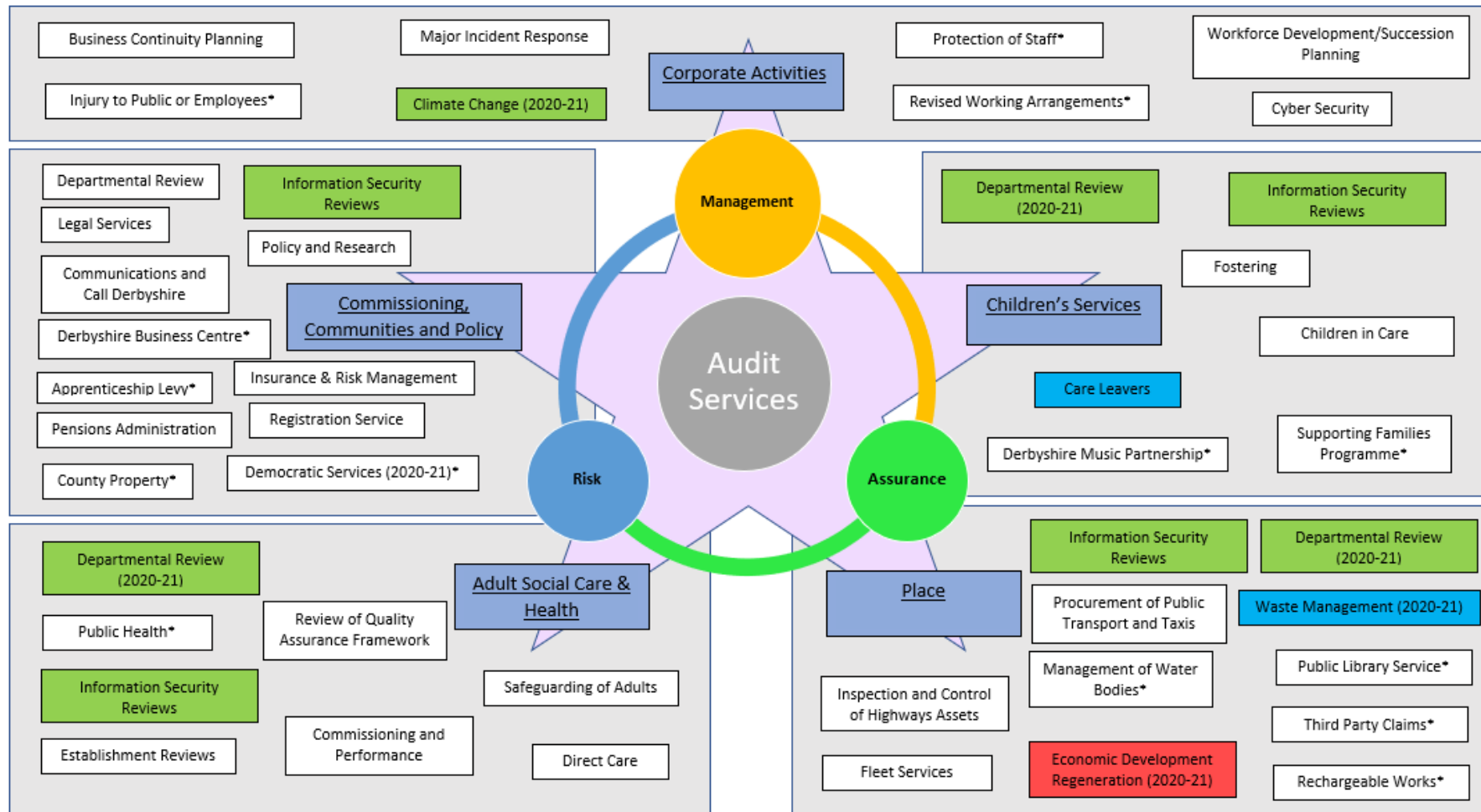
Members were made aware that whilst it had not been possible to deliver all Audits within the 2020-21 Audit Plan, sufficient coverage/ experience of current processes did allow for an opinion to be provided. However, Audit Committee Members were informed that unless key risk areas within the 2021-22 Audit Plan were undertaken across a range of service areas and functions, it may not be possible to provide a full opinion within next year’s Annual Audit Report.

Currently, progress has been made in commencing and delivering reviews within the 2021-22 approved Audit Plan, discussed and agreed with Senior Management, prior to its approval on 23 March 2021 by the Audit Committee. This includes the delivery of operational projects within certain Departments (i.e. Children’s Services) and elements of the major systems reviews within Corporate Finance. However, I am conscious that nearly halfway into the year, there are areas where limited audit activity has taken place either as part of the 2021-22 Plan or were deferred previously, due to resourcing implications.

Whilst Audit Services will continue to deliver reviews within the Plan, the support of senior management to provide resources to complete agreed reviews, will be critical to enabling an Audit Opinion to be drawn from the activity undertaken within 2021-22.

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.

Summary of Audit Opinions (Reports Issued up to 31 August 2021)



Key Financial Systems	HR Management (2020-21)	Accounts Payable*	Accounts Receivable*	Corporate Purchasing	Asset Management System*	Funds Management (2020-21)	Treasury Management*	Accountancy, Budgetary Control and Financial Resilience (2020-21)
IT & IS Reviews	Network Infrastructure Review		Server Infrastructure Review		Bacs Payment System Review		Microsoft O365	Corporate Database Review
Governance and Compliance	Audit of Corporate Culture	Data Protection Compliance*	HM Revenue & Customs Compliance*		Health, Safety & Wellbeing	External Grants and Certifications (Including Covid-19)*		

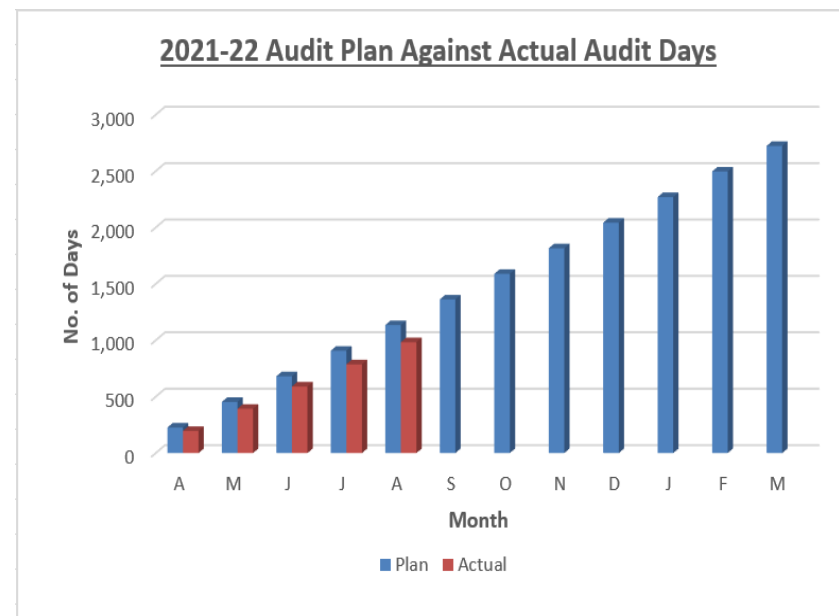
Audit Opinions	Substantial	Qualified	Limited	No	* Review in Progress
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Current Progress Report

The Covid-19 pandemic continues to impact on the operations of the Council and Internal Audit in 2021. This has required the delay of certain reviews, with it being unclear at this point whether an audit in a particular service area can be delivered within 2021-22 i.e. schools.

Whilst the majority of national Covid-19 restrictions have been lifted and elements of normal life have returned, significant aspects of the Council’s operations are still encountering resourcing challenges. The initial phases of the Modern Ways of Working (MWoW) project are progressing in terms of the County Hall and other administrative accommodation, although the majority of staff, are likely to continue to be working remotely in the near future. Auditing remotely (virtual reviews) increases the time required to complete an audit and limits the opportunity to assess local risk factors such as health and safety and information security.

As in the previous year, the Audit Plan is under constant review to take account of changes in the Council’s environment and discussions with Management. The current Audit performance against the 2021-22 approved Plan is shown below:



2021-22 Progress	At 31 August 2021
Approved Audit Plan (2,723)	1,134
Actual Productive Days	983
Shortfall in Productive Days Delivered	151

Analysis of Audit work including a summary of Reports and Memoranda issued up to 31 August 2021, is provided at **Appendix 1**, with more detailed comments on individual reviews within the main body of this Report.

Audit Resources

Staffing

Unfortunately, as reported to the Audit Committee in previous progress updates the ability to attract professional audit staff remains an ever-present challenge. Colleagues across the County Council Chief Internal Auditors network report similar problems in the successful recruitment and retention of suitably experienced professionals.

Since the issue of the Annual Audit Report, a Principal Auditor has commenced maternity leave with another submitting their notice to leave the Council at the end of October 2021. Due to the existing Principal Auditor vacancy within the Audit structure, this will place additional pressures at this critical operational level within the Unit. Steps have been taken to seek replacements for the Audit staff and increase resources at this level.

On a positive note, Dianne Downs started with the Council on 6 September 2021 as the new Assistant Director of Finance (Audit). Following the retirement of Carl Hardman on 31 March 2021, the Council took the opportunity to review reporting and responsibility lines within the Corporate Finance Section and moved responsibility for Insurance and Risk Management under Dianne's responsibilities. Dianne brings a wealth of experience to the role across a variety of previously held positions, most recently as an Audit Manager at Lincolnshire County Council.



Key Performance Indicators (KPIs)

Details of the Unit's KPIs are summarised in **Appendix 2**.

Annual Review of the County Council's Regulatory Framework

The annual review of the County Council's regulatory framework was scheduled to be reported to Audit Committee on 21 September 2021. As a number of policies and procedures which comprise the Framework are currently under or require review including, Anti-Fraud and Anti-Corruption Strategy, Fraud Response Plan and Whistleblowing Policy, this report will be brought to a future meeting.

Detailed Analysis - Corporate Activities

Departmental Performance	2020-21	2021-22	Departmental Opinions	2020-21	2021-22
Days within the Approved Audit Plan	1,060	980	Substantial	-	-
Actual days delivered	546	240	Qualified	6	1
Percentage of Departmental Audits achieved	51.5%	24.5%	Limited	2	-
Number of Reports/ Memoranda Issued	11	2	No	-	-
			Other (including letters)	3	1

Climate Change

The objective of the review was to confirm that operational procedures were in place to meet the Council's Climate Change agenda and that processes were operating efficiently in accordance with statutory and regulatory requirements. The Audit confirmed that governance arrangements had been developed, with overall responsibility for overseeing individual projects assigned a responsible officer. A Climate Change and Environment Board has been established.

Ongoing work will be required moving forward to plan for negative climate events, which could have a significant impact across the County. As such, it is considered that a Climate Change specific Business Continuity Plan would be beneficial as would further developments of the Council's risk registers in respect of Climate Change.

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. Audit staff promote the principles of good governance and control frameworks. Key groups attended in this period include the Governance Group and Information Governance Group.

Detailed Analysis - Commissioning, Communities and Policy

Departmental Performance	2020-21	2021-22	Departmental Opinions	2020-21	2021-22
Days within the Approved Audit Plan	705	785	Substantial	5	2
Actual days delivered	679	270	Qualified	12	3
Percentage of Departmental Audits achieved	96%	34.4%	Limited	2	1
Number of Reports/ Memoranda Issued	21	6	No	-	-
			Other (including letters)	2	-

Human Resources Management

The Human Resources (HR) function is responsible for delivering the Council's HR Strategy and administering total monthly payroll payments for more than 18,500 staff. The review examined payroll administration, employee payments and deductions and performance management. The Audit confirmed that systems and controls surrounding payroll administration were generally adequate and operating effectively and that the service has continued to work effectively during the pandemic given the challenges of remote working. Improvements were recommended to strengthen processes related to the documentation to support a pay adjustment, with supporting evidence not always on file to evidence changes.

Accountancy, Budgetary Control and Financial Resilience

The Council has established robust budget setting and monitoring arrangements. These have been further strengthened in the twelve months prior to Audit by the introduction of a combined quarterly Performance and Financial Monitoring Report. Further detailed work has been undertaken on compliance with the CIPFA Financial Management Code, the application of the going concern basis in the preparation of the annual accounts and financial resilience in recent months. Whilst a number of recommendations were made, no high priority issues were identified during the Audit.

Funds Management

Derbyshire County Council is the administering authority for the Derbyshire Pension Fund. The Fund includes more than 300 employers and 100,000 members and is administered in accordance with the Local Government Pensions Scheme (LGPS) Regulations 2013. In order to safeguard Fund assets and generate the investment returns needed to finance pension payments due to Fund members, the Council has produced a Pension Fund Service Plan, Investment Strategy Statement (including a Responsible Investment Framework and Climate Strategy), Communications Strategy and Governance Policy and Compliance Statement. In addition, a Strategic Asset Allocation Benchmark is in place which details how Fund assets should be invested in order to balance risk and reward.

The Council has established a governance framework, staffing structure, supporting systems and processes which are appropriate for the effective discharge of its duties as administering authority of the Derbyshire Pension Fund. Whilst minor improvements have been raised with senior management, the review did not identify any significant control weaknesses in relation to the administration of the Fund and the management of Fund assets.

Commissioning, Communities and Policy IT Systems and Information Security

A number of new IT systems and information security arrangements were reviewed including enhancements to the Council's Pensions IT application and mobile device management procedures. In respect of mobile device management, it was recognized that a number of issues identified are likely to be addressed as the Council moves forward with its ICT Strategy and revised staffing structure. However, as new procedures are implemented it is important that an appropriate control framework is built in, as systems/procedures are redesigned.

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. Audit staff promote the principles of good governance and control frameworks. Key groups attended in this period included Finance Officers', GDPR, SAP Implementation Project Board and Cloud Centre of Excellence Board

Detailed Analysis – Children’s Services

Departmental Performance	2020-21	2021-22	Departmental Opinions	2020-21	2021-22
Days within the Approved Audit Plan	650	475	Substantial	1	1
Actual days delivered	390	83	Qualified	19*	2
Percentage of Departmental Audits achieved	60%	17.5%	Limited	1*	-
Number of Reports/ Memoranda Issued	22*	3	No	-	-
			Other (including letters)	1	-

(*2020-21 - Includes 11 primary school ‘virtual’ audits).

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 the ISO27001 information security framework. Overall, the review confirmed that the majority of key administration procedures were operating satisfactorily, with a clear senior management framework to monitor the Department’s compliance and performance requirements.

Main areas for improvement focused on the consistency when following the Council’s Attendance Management and Ill Health Capability Procedures and, in some cases, evidence to support certain actions taken by line managers. Matters raised previously in respect of the Synergy IT System used within the Department, were found not to have been fully addressed.

Care Leavers

Support must be offered to care leavers up until they reach 25 years old in order to comply with the Children and Social Work Act 2017. The Children (Leaving Care) Act 2000 was established following the publication of the consultation document ‘*Me, Survive, Out There?*’ which set out a number of proposals for improving the prospects of young people in

Local Authority Care. The review identified that the Council has fully considered care leavers by including them within the Council Plan and Departmental Service Plans. Processes and procedures have also been put in place to manage the day to day running of the service and ensure its success.

Children's Services IT Systems and Information Security

Audit staff continue to work with Departmental and procurement colleagues on a range of information security reviews, with the findings from the Traded Services IT solution audit being reported in this period. Although the Audit due diligence and completed security questionnaire identified a satisfactory core framework of information security procedures, additional work is required by the Council to strengthen the current control framework configured within the IT solution.

Detailed Analysis – Adult Social Care and Health

Departmental Performance	2020-21	2021-22	Departmental Opinions	2020-21	2021-22
Days within the Approved Audit Plan	299	303	Substantial	0	-
Actual days delivered	245	98	Qualified	5	4
Percentage of Departmental Audits achieved	82%	32.3%	Limited	3	-
Number of Reports/ Memoranda Issued	9	4	No	-	-
			Other (including letters)	1	-

Adult Social Care and Health 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 the ISO27001 information security framework. In the past year the Department, together with the wider Council, adapted its service provision and governance structures in response to the pandemic. Residential and day care settings have been closed to visitors and staff working in those settings, together with those providing home care, have been required to work in highly pressurised and constantly changing environments.

Whilst the majority of the core governance processes were operating satisfactorily, areas for further development were reported to senior management including elements of business continuity testing and monitoring of staff who may be working hours above the Working Time Regulations 1998.

Adult Social Care and Health IT Systems and Information Security

A number of new IT systems and information security arrangements were reviewed including the Mosaic Mobile App and Family Weight Management Programme. During the reviews, Audit worked with Departmental staff and external suppliers to assess compliance with the Council's Supplier Information Security Policy (SISP) and make recommendations where appropriate. As a result of the findings from the reviews, supplier feedback and notified implementation of the Audit recommendations, Audit did not identify any significant outstanding matters that would have adversely impacted the use of the IT application/ service.

Detailed Analysis – Place

Departmental Performance	2020-21	2021-22	Departmental Opinions	2020-21	2021-22
Days within the Approved Audit Plan	170	180	Substantial	-	1
Actual days delivered	132	109	Qualified	3	2
Percentage of Departmental Audits achieved	77%	60.6%	Limited	-	-
Number of Reports/ Memoranda Issued	4	4	No	-	1
			Other (including letters)	1	-

Waste Management

The Council, in conjunction with Derby City Council and local Waste Collection Authorities, have established a contractual and governance framework to ensure that it effectively discharges its waste disposal responsibilities in accordance with s.51 Environmental Protection Act 1990. Oversight is provided by the Derbyshire Waste Partnership (DWP), the Cabinet Member for Infrastructure and Environment and Cabinet. The review identified that these governance arrangements were generally operating effectively.

In the coming years, the Council will complete a number of procurement exercises in respect of waste management. These exercises will seek to ensure that the Council and its partners can continue to deliver an effective waste collection and disposal service for Derbyshire, which is aligned to the outcomes of the 'Our Waste, Our Resources: A Strategy for England' consultation exercises. As part of this process, it will be important for a new Waste Management Strategy and associated Action Plan to be developed and maintained to ensure that services are delivered efficiently and effectively.

Economic Development Regeneration

The primary objective of this follow-up review was to confirm the progress made by Senior Management towards the implementation of the previously agreed Audit recommendations made in the Audit Services Memorandum issued on 17 July 2018. Throughout the follow up review, there was a lack of information provided, which resulted in Audit Services not being able to provide any independent assurance on the effectiveness of the system of internal control in place.

Place IT Systems and Information Security

Audit staff continued to work with Departmental and procurement colleagues on a range of information security reviews. Whilst a number of projects remain ongoing including the procurement of an Asset Management IT solution, the outcome of the Fuel Access Control & Monitoring IT system review was reported in this period. Whilst, on the whole, the IT solution had a core control framework in place including user permissions and elements of an authentication framework, improvements were raised with the supplier and Department to improve transparency within the application.

Appendix 1 - Progress Against the 2021-22 Audit Plan

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments	
		20-21	21-22				Critical	High	Medium	Low			
Corporate Activities – The 2021-22 Audit Plan included an allocation of 980 days over the following areas													
Corporate Projects													
➤ VP018 East Midlands Broadband (emPSN)	-	-	1	-	-	-	-	-	-	-	-	-	
VP037 Workforce Development/ Succession Planning	30	-	1	-	-	-	-	-	-	-	-	-	
VP044 D2N2 LEP	45	-	36	-	-	-	-	-	-	-	-	-	
➤ VP050 Review of Grants Admin	-	-	6	-	-	-	-	-	-	-	-	-	
VP053 Cyber Security Review	20	-	-	-	-	-	-	-	-	-	-	-	
VP055 Corporate Culture	30	-	-	-	-	-	-	-	-	-	-	-	
VP058 Serious & Organised Crime	10	-	-	-	-	-	-	-	-	-	-	-	
➤ VP060 Protection of Staff	-	-	10	-	-	-	-	-	-	-	-	-	
➤ VP061 Injury to Public or Employees re. Use of Land, Buildings & Assets	-	-	6	-	-	-	-	-	-	-	-	-	
VP062 Data Protection Compliance	20	-	-	-	-	-	-	-	-	-	-	-	
VP064 New Delivery & Commissioning Models/Partnership Working	30	-	-	-	-	-	-	-	-	-	-	-	
VP067 Climate Change	30	20	-	N/A	Qualified	↔	0	1	3	2	0	Memo relates to 2020-21	
VP068 Major Incident Response	30	-	-	-	-	-	-	-	-	-	-	-	
➤ VP069 Fraud Awareness	-	10	-	-	-	-	-	-	-	-	-	-	
VP070 Revised Working Arrangements	30	-	10	-	-	-	-	-	-	-	-	-	
Total	275	30	70	-	1 x Qualified	-	0	1	3	2	0		
Corporate Governance													
CO002 Business Continuity Planning	20	-	4	-	-	-	-	-	-	-	-	-	
CR001 Embedding Corporate Governance	70	-	30	-	-	-	-	-	-	-	-	-	
CR006 Corporate Health Check	20	-	-	-	-	-	-	-	-	-	-	-	
CR007 Information Governance Group & Support	20	-	17	-	-	-	-	-	-	-	-	-	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
CR009 Data Protection Compliance	20	-	20	-	-	-	-	-	-	-	-	
Total	130	-	71	-	-	-	-	-	-	-	-	
Corporate Fraud Prevention												
CZ100 External Audit Liaison	5	-	-	-	-	-	-	-	-	-	-	
CZ200 National Fraud Initiative	20	-	46	-	-	-	-	-	-	-	-	
CZ300 National Anti-Fraud Network	10	1	2	-	-	-	-	-	-	-	-	
CZ400 RIPA Management & Admin	10	-	-	-	-	-	-	-	-	-	-	
ZZ000 Internal Audit-Special Investigations General	280	19	34	N/A	Letter	N/A	0	0	0	0	0	
Total	325	20	82	-	1 x Letter	-	0	0	0	0	0	
Strategic Management												
VW001 Strategic Management	50	-	17	-	-	-	-	-	-	-	-	
Total	50	-	17	-	-	-	-	-	-	-	-	
Audit Planning Contingency												
XX000 Audit Planning Contingency	200	-	-	-	-	-	-	-	-	-	-	
Total	200	-	-	-	-	-	-	-	-	-	-	
Corporate Activities Total	980	50	240	-	1 x Qualified 1 x Letter	-	0	1	3	2	0	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Commissioning, Communities and Policy Department - The 2021-22 Audit Plan included an allocation of 785 days over the following areas												
Departmental Review - Management & Administration (CCP)												
CA100 Commissioning, Communities and Policy Departmental Review	60	6	11	-	-	-	-	-	-	-	-	
CA102 External Grants and Certifications	10	-	2	-	-	-	-	-	-	-	-	
Total	70	6	13	-	-	-	-	-	-	-	-	
CCP Operational Reviews												
CO003 Derbyshire Business Centre	20	-	2	-	-	-	-	-	-	-	-	
CO006 Public Library Service (Transferred to Place wef 1 July 2021)	20	-	17	-	-	-	-	-	-	-	-	
➤ CO007 Democratic Services	-	27	-	-	-	-	-	-	-	-	-	
CO008 Communications and Call Derbyshire	25	-	-	-	-	-	-	-	-	-	-	
CO010 Policy and Research	25	-	-	-	-	-	-	-	-	-	-	
CO011 Legal Services	25	-	-	-	-	-	-	-	-	-	-	
➤ CO012 Derbyshire Records Office & Records Management	-	-	4	-	-	-	-	-	-	-	-	
CO013 Apprenticeship Levy	10	-	13	-	-	-	-	-	-	-	-	
Total	125	27	36	-	-	-	-	-	-	-	-	
Divisional Activity – Major Systems												
MA100 Core Financial Systems – General Queries	5	-	10	-	-	-	-	-	-	-	-	
MB100 Human Resources Management	40	19	-	Substantial	Qualified	↓	0	1	6	6	4	Memo relates to 2020-21 audit
MC100 Accounts Payable	40	-	5	-	-	-	-	-	-	-	-	
MD100 Corporate Purchasing	40	22	-	-	-	-	-	-	-	-	-	
ME100 Accounts Receivable	35	-	7	-	-	-	-	-	-	-	-	
MG100 Accountancy, Budgetary Control and Financial Resilience	45	-	-	Qualified	Substantial	↑	0	0	9	6	6	Memo relates to 2020-21 audit
MK100 Asset Management System	30	-	6	-	-	-	-	-	-	-	-	
ML100 Funds Management	50	2	-	Substantial	Substantial	↔	0	0	2	3	2	Memo relates to 2020-21 audit
➤ MM100 Treasury Management	-	-	29	-	-	-	-	-	-	-	-	
Total	285	43	57	-	2 x Substantial	-	0	1	17	15	12	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
					1 x Qualified							
Divisional Activity – Probity and Compliance												
DC200 HM Revenue & Customs Compliance	20	-	7	-	-	-	-	-	-	-	-	
DC300 Health, Safety & Wellbeing	20	-	-	-	-	-	-	-	-	-	-	
DC400 Financial Regulations & Standing Orders	5	-	-	-	-	-	-	-	-	-	-	
DE101 Cash Audit & ISO 27001 Visits	20	-	16	-	-	-	-	-	-	-	-	
DE400 Pensions Administration	25	-	-	-	-	-	-	-	-	-	-	
DE500 Insurance & Risk Management	30	-	29	-	-	-	-	-	-	-	-	
Total	120	-	52	-	-	-	-	-	-	-	-	
Divisional Activity – Corporate/ Departmental IT Systems												
CK003 Network Infrastructure Review	20	-	-	-	-	-	-	-	-	-	-	
CK004 Server Infrastructure Review	20	-	-	-	-	-	-	-	-	-	-	
CK006 Bacs Payment System Review	20	-	-	-	-	-	-	-	-	-	-	
CK002 Corporate Database Review	15	-	-	-	-	-	-	-	-	-	-	
Information Security and Follow Up Reviews	60	1	65	N/A	2 x Qualified 1 x Limited	↔	0	16	16	3	0	Including existing corporate IT solutions and new IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on a number of different projects throughout in this period: <ul style="list-style-type: none"> • AVC Wise IT solution • Member Self Service IT solution • Mobile Device Management IT solution
Total	135	1	65	-	2 x Qualified 1 x Limited	-	0	16	16	3	0	
Divisional Activity – County Property Division												
DV100 Property Services Review	30	-	47	-	-	-	-	-	-	-	-	
Total	30	-	47	-	-	-	-	-	-	-	-	
Regulatory												
QE100 Registration Service Audit Review	20	-	-	-	-	-	-	-	-	-	-	
Total	20	-	-	-	-	-	-	-	-	-	-	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Departmental Total	785	77	270	-	2 x Substantial 3 x Qualified 1 x limited	-	0	17	33	18	12	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Children's Services Department – The 2021-22 Audit Plan included an allocation of 475 days over the following areas												
Departmental Review – Management & Administration (CS)												
AA001 Children's Services – Departmental Review	45	1	3	Qualified	Qualified	↔	0	3	9	3	9	Memo relates to 2020-21 audit
AA004 Information Security and Follow Up Reviews	35	-	7	N/A	Qualified	↔	0	1	5	0	0	Including new and enhanced IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on a number of different projects throughout in this period: <ul style="list-style-type: none"> S4S Traded Services IT solution
External Grants and Certifications	15	-	9	-	-	-	-	-	-	-	-	
Total	95	1	19	-	2 x Qualified	-	0	4	14	3	9	
Primary, Nursery & Special Schools												
Primary, Nursery & Special Budget	160	-	-	-	-	-	-	-	-	-	-	
Total	160	-	-	-	-	-	-	-	-	-	-	
Secondary Schools												
Secondary Schools	14	-	-	-	-	-	-	-	-	-	-	
Total	14	-	-	-	-	-	-	-	-	-	-	
Schools General Support												
Schools General Support	30	-	6	-	-	-	-	-	-	-	-	
Total	30	-	6	-	-	-	-	-	-	-	-	
School - Information Security Reviews												
Information Security Reviews	35	-	-	-	-	-	-	-	-	-	-	
Total	35	-	-	-	-	-	-	-	-	-	-	
Children's Homes												
Children's Homes	16	-	-	-	-	-	-	-	-	-	-	
Total	16	-	-	-	-	-	-	-	-	-	-	
Themed and Operational												
AO009 Care Leavers	-	-	32	Qualified	Substantial	↑	0	0	3	3	3	
AO013 Supporting Families	30	-	9	-	-	-	-	-	-	-	-	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
AO005 Fostering	25	-	-	-	-	-	-	-	-	-	-	
AO020 Derbyshire Music Partnership	20	-	17	-	-	-	-	-	-	-	-	
AO022 Impact of Children in Care	25	-	-	-	-	-	-	-	-	-	-	
AO016 Starting Point	25	-	-	-	-	-	-	-	-	-	-	
Total	125	-	58	-	1 x Substantial	-	0	0	3	3	3	
Departmental Total	475	1	83	-	1 x Substantial 2 x Qualified	-	0	4	17	6	12	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Adult Social Care and Health Department – The 2021-22 Audit Plan included an allocation of 303 days over the following areas												
Departmental Management and Administration Review												
BA001 Departmental Review Management and Administration	45	1	8	Qualified	Qualified	↔	0	4	12	10	13	Memo relates to 2020-21 audit
Total	45	1	8	-	1 x Qualified	-	0	4	12	10	13	
Public Health												
BD001 Public Health	25	-	37	-	-	-	-	-	-	-	-	
Total	25	-	37	-	-	-	-	-	-	-	-	
Information Security and Follow Up Reviews												
Information Security and Follow Up Reviews	70	9	30		3 x Qualified	↔	0	2	10	0	0	Including new and enhanced IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on a number of different projects throughout in this period: <ul style="list-style-type: none"> • Welfare Rights • Mosaic Client Management IT solution • S12 Solutions App • Stakeholder Engagement Family Weight Management Project • Derbyshire Health Trainers Project • Relationship & Sexual Education Project
Total	70	9	30	-	3 x Qualified	-	0	2	10	0	0	
External Grants and Certifications												
External Grants and Certifications	15	-	17	-	-	-	-	-	-	-	-	
Total	15	-	17	-	-	-	-	-	-	-	-	
Social Care – Elderly Residential												
Elderly Residential	16	-	-	-	-	-	-	-	-	-	-	
Total	16	-	-	-	-	-	-	-	-	-	-	
Social Care - Day Care - Physical/Mental Disability												
Day Care - Physical/Mental Disability	12	-	-	-	-	-	-	-	-	-	-	
Total	12	-	-	-	-	-	-	-	-	-	-	
Social Care - Day Care & Hostels												

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Day Care & Hostels	12	-	-	-	-	-	-	-	-	-	-	
Total	12	-	-	-	-	-	-	-	-	-	-	
Social Care - Community Care Centres												
Community Care Centres	8	-	-	-	-	-	-	-	-	-	-	
Total	8	-	-	-	-	-	-	-	-	-	-	
Themed and Operational												
➤ BO017 Disabled Facilities Grants Administration	-	4	-	-	-	-	-	-	-	-	-	
BO026 Review of Quality Assurance Framework	25	-	-	-	-	-	-	-	-	-	-	
BO010 Commissioning and Performance	25	-	-	-	-	-	-	-	-	-	-	
BO028 Safeguarding of Adults	25	-	3	-	-	-	-	-	-	-	-	
BO029 Direct Care	25	-	3	-	-	-	-	-	-	-	-	
Total	100	4	6	-	-	-	-	-	-	-	-	
Departmental Total	303	14	98	-	4 x Qualified	-	0	6	22	10	13	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
Place Department – The 2021-22 Audit Plan included an allocation of 180 days over the following areas												
Departmental Management & Administration Review												
HA100 Place – Departmental Review	45	14	2	Qualified	Qualified	↔	0	1	10	4	6	Memo relates to 2020-21 audit
Total	45	14	2	-	1 x Qualified	-	0	1	10	4	6	
Information Security and Follow Up Reviews												
HA103 Information Security and Follow Up Reviews	15	-	29	N/A	Qualified	↔	0	1	4	0	0	Including new and enhanced IT systems or information security reviews, which require approval by the Director of Finance & ICT. Audit worked on a number of different projects throughout in this period: <ul style="list-style-type: none"> • Fuel Card Procurement • Chipside Parking Enforcement • Highways Materials Laboratory • DHART Project • Asset Management Solution
Total	15	0	29	-	1 x Qualified	-	0	1	4	0	0	
External Grants and Certifications												
External Grants and Certifications	20	-	12	-	-	-	-	-	-	-	-	
Total	20	-	12	-	-	-	-	-	-	-	-	
Themed and Operational												
HO001 Waste Management	10	23	-	Substantial	Substantial	↔	0	0	1	3	1	Memo relates to 2020-21 audit
➤ HO013 Third Party Claims Review	-	-	18	-	-	-	-	-	-	-	-	
HO020 Procurement of Public Transport and Taxis (including Home to School Transport and Vetting Contractors)	25	-	-	-	-	-	-	-	-	-	-	
➤ HO024 Economic Development Regeneration	-	4	-	Qualified	No Assurance	↓	0	4	10	3	17	Memo relates to 2020-21 audit
HO025 Fleet Services	25	-	-	-	-	-	-	-	-	-	-	
HO030 Inspection and Control of Highway Assets	20	-	-	-	-	-	-	-	-	-	-	
HO032 Management of Water Bodies	20	-	27	-	-	-	-	-	-	-	-	
➤ HO033 Community Renewal Fund	-	-	5	-	-	-	-	-	-	-	-	

Name	Planned Days	Actual Days		Previous Assurance	Current Assurance	Direction of Travel	Analysis of Recommendations				Previous Recs Not Implemented	Comments
		20-21	21-22				Critical	High	Medium	Low		
➤ HO034 Rechargeable Works	-	-	16	-	-	-	-	-	-	-	-	
Total	100	27	66	-	1x Substantial 1 x No Assurance	-	0	4	11	6	18	
Departmental Total	180	41	109	-	1x Substantial 2 x Qualified 1 x No Assurance	-	0	5	15	10	24	

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

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	2019-20	2020-21	2021-22	Comments
Audit Plan – Achievement of planned Audit days	95%	84.4%	86.7%	-	
Staff Productivity – Achievement of target Audit days	95%	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%	-	
Limited Audit Opinions reviewed by Assistant Director of Finance (Audit) within 10 days of completion of Draft Memorandum	100%		57%	100%	
Percentage of Draft Audit Memoranda issued within 15 working days of fieldwork completion	95%		48.68%	31.58%	
Percentage of Final Audit Memoranda issued within 28 working days of issue of Draft Audit Memorandum	95%		47.37%	75%	
Percentage of Recommendations made which are implemented at the time of follow up Audit	90%		71%	66.85%	
Audit Assurance – To provide an assurance to the Authority on the adequacy and effectiveness of risk management, control and governance processes	N/A	✓	✓	-	
Client Satisfaction – Percentage of questionnaire responses rating the Audit Product as good or very good	90%	92.31%	87.50%	0%	2 Responses relating to schools with limited assurance in 2020-21
Annual Survey of Key Stakeholders	N/A	✓	✓	-	
Delivery of Audit Opinion to Management and Audit Committee in time to inform AGS	N/A	✓	✓	-	