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GOVERNANCE & RESOURCES COMMITTEE

14th July 2022

Report of the Director of Resources

PROGRESS UPDATE ON THE 2021/2022 INTERNAL AUDIT PLAN

PURPOSE OF REPORT

To present for members' information a progress update in respect of the 2021/2022 Internal Audit Plan. The report includes a summary of internal audit reports issued since the last meeting of this committee.

RECOMMENDATION

That the report be noted.

WARDS AFFECTED

None

STRATEGIC LINK

Internal Audit's service aims and objectives are the provision of an independent service, which objectively examines, evaluates and reports to the Council and its management on the adequacy of the control environment. This contributes to the Council's core values of being open and transparent when making decisions and using public resources ethically and responsibly.

1 BACKGROUND

- 1.1 The 2021/22 Operational Audit Plan was originally approved by the Governance and Resources Committee on the 11th March 2021. In November 2021 the Committee approved a revised plan with a reduced number of days. The number of audit days were reduced due to a failure to recruit a Senior Auditor and the continued redeployment of the current Senior Auditor to business grants work.
- 1.2 The plan provides a framework by which service functions are reviewed to test and report on the adequacy and effectiveness of risk management systems and the internal control environment within the Council.
- 1.3 This report details the results of the internal audit reviews undertaken since the last meeting. The internal audit annual report which is also on this agenda provides an update in terms of internal audit resource and progress on the revised plan.

2 REPORT

- 2.1 Attached, as Appendix 1, is a summary of reports issued from the middle of January 2022 to the end of June 2022.
- 2.2 Reports are issued as Drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.
- 2.3 The Appendix shows for each report a summary of the level of assurance that can be given in respect of the audit area examined and the number of recommendations made / agreed where a full response has been received.
- 2.4 The assurance provided column in Appendix 1 gives an overall assessment of the assurance that can be given in terms of the controls in place and the system's ability to meet its objectives and manage risk in accordance with the following classifications.

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

- 2.5 Six reports have been issued, three with Substantial Assurance and three with Reasonable Assurance.
- 2.6 In respect of the audits being reported, no fraud was identified.

3 RISK ASSESSMENT

3.1 Legal

This report is to present for members' information a progress update in respect of the 2021/2022 Internal Audit Plan. There are no legal considerations arising from the report.

3.2 Financial

There are no financial considerations arising from the report.

3.3 Corporate Risk

There is a risk that a lack of independent assurance means that weaknesses in

governance, risk and control may go undetected. A recruitment exercise is currently underway to replace the Senior Auditor that is leaving.

4 OTHER CONSIDERATIONS

- 4.1 In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.
- 4.2 Climate change: Recommendations are for information only, no climate change impact assessment required.

5 CONTACT INFORMATION

- 5.1 Karen Henriksen - Director of Resources
Telephone: 01629 761284
Email: karen.henriksen@derbyshiredales.gov.uk
- 5.2 Jenny Williams - Internal Audit Consortium Manager
Telephone: 01246 959770
Email: jenny.williams@chesterfield.gov.uk

6 BACKGROUND PAPERS

- 6.1 None

7 ATTACHMENTS

- 7.1 Appendix 1 – Summary of Internal Audit Reports Issued mid- January to 30 June 2022.

Appendix 1

DERBYSHIRE DALES DISTRICT COUNCIL
Internal Audit Consortium - Report to Governance and Resources Committee
Summary of Internal Audit Reports Issued mid- January to 30 June 2022

Report Ref	Report Title	Scope and Objectives	Overall Opinion	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
D006	Improvement Grants	To review the controls in place for administering and payment of disabled facilities grants	Substantial	17/1/22	7/2/22	1L	1
D007	Payroll	To ensure that staff are paid timely and accurately and that all statutory returns are made promptly and accurately	Substantial	1/2/22	17/2/22	3 (1M 2L)	3
D008	Section 106	To ensure that section 106 monies are collected and spent correctly	Reasonable	15/3/22	5/4/22	2 (1H 1L)	2
D009	Taxi Licensing	To ensure that all procedures and controls are operating	Substantial	26/4/22	18/5/22	3L	3
D010	Housing Benefits	To ensure that Housing Benefits are paid promptly and accurately	Reasonable	12/5/22	6/6/22	5 (1M 4L)	4
D011	Risk Management	To ensure that there is a risk management strategy in place and up to date strategic and operational risk registers with identified mitigating factors and actions to be taken.	Reasonable	28/6/22	19/7/22	8 (2M 6L)	Note 1

Note 1 – Response not due at time of writing Report