central midlands audit partnership

Derby City Council –

Internal Audit Annual Report 2018-19

Audit & Accounts Committee: 19th June 2019

Derby City Council

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Our Vision

To bring about improvements in the control, governance and risk management arrangements of our Partners by providing cost effective, high quality internal audit services.

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CMAP central midlands audit partnership

Providing Excellent Audit Services in the Public Sector

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Introduction

Why an Audit Opinion is required

The Public Sector Internal Audit Standards (PSIAS) states:

> **Public sector requirement**
>
> The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.
>
> The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
>
> The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Extracted from Public Sector Internal Audit Standards Updated March 2017 - 2450 Overall Opinions

In this instance, the Chief Audit Executive is Richard Boneham, Head of Internal Audit.

With regard to overall opinions, CIPFA's Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards 2019 Edition (issued February 2019) also states:

> *"The Public Sector Requirement in PSIAS 2450 requires that the Chief Audit Executive must provide an annual report to the board timed to support the annual governance statement. This must include:*
>
> - *an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework – i.e. the control environment*
> - *a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance providers)*
> - *a statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme.*
>
> *In local government, the annual opinion should be guided by the CIPFA Framework Delivering Good Governance in Local Government.*
>
> *The annual report should also include:*
>
> - *disclosure of any qualifications to that opinion, together with the reasons for the qualification*
> - *disclosure of any impairments ('in fact or appearance') or restriction in scope*
> - *a comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets*
> - *any issues the Chief Audit Executive judges particularly relevant to the preparation of the annual governance statement*
> - *progress against any improvement plans resulting from QAIP external assessment.*
>
> *In the context of the PSIAS, 'opinion' means that internal audit will have done sufficient, evidenced work to form a supportable conclusion about the activity that it has examined. Internal audit will word its opinion*

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appropriately if it cannot give reasonable assurance (e.g. because of limitations to the scope of, or adverse findings arising from, its work)."

How an Audit Opinion is Formed

Internal Audit's risk-based plan must take into account the requirement to produce an annual internal audit opinion. Accordingly, the Audit Plan must incorporate sufficient work to enable the Audit Manager to give an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Internal Audit must therefore have sufficient resources to deliver the Audit Plan.

Audit Opinion

Possible Overall Opinions

The Audit Manager's opinion relative to the organisation as a whole could fall into one of the following 3 categories:

- **Inadequate System of Internal Control** – Findings indicate significant control weaknesses and the need for urgent remedial action. Where corrective action has not yet started, the current remedial action is not, at the time of the audit, sufficient or sufficiently progressing to address the severity of the control weaknesses identified.

- **Adequate System of Internal Control Subject to Reservations** – A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a satisfactory audit opinion to be given.

- **Satisfactory System of Internal Control** - Findings indicate that on the whole, controls are satisfactory, although some enhancements may have been recommended.

Quality Assurance and Improvement Programme

A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

Public Sector Internal Audit Standards state:

Public sector requirement

The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.

Extracted from Public Sector Internal Audit Standards Updated March 2017 - 1320 Reporting on the Quality Assurance and Improvement Programme

Public Sector Internal Audit Standard 1312 also requires that:

"External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation."

Assessments are based on the following 3 ratings:

- **Generally Conforms** - means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards.

- **Partially Conforms** - means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.

- **Does Not Conform** - means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

An external quality assessment of the internal auditing activities of CMAP was undertaken during the period February – April 2017 and identified some opportunities for further improvement and development. The consultant provided an update position on our overall conformance with the Standards in September 2017 and was content to re-assess our conformance as follows:

	Number of standards	Generally Conforms	Partially Conforms	Does Not Conform
Code of Ethics	4	4	0	0

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Attribute Standards	19	19	0	0
Performance Standards	33	33	0	0

As required, we have also undertaken a self-assessment against the Standards in December 2018 using the tool specifically developed by the Institute of Internal Auditors (IIA) for this purpose.

We have determined that CMAP **Generally Conforms** ' to the Standards. 'Generally Conforms' means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

As such, the CMAP has identified a number of actions for improvement some of which are listed in the Improvement Plan section at the end of this report.

Audit Opinion 2018-19

Based on the work undertaken during the year, I have reached the overall opinion that there is an **Adequate System of Internal Control Subject to Reservations** – A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a satisfactory audit opinion to be given.

I have arrived at this opinion having regard to the following:

- The level of coverage provided by Internal Audit was considered adequate.

- The 2018-19 Internal audit plan, approved by the Audit & Accounts Committee, 20th March 2018, was informed by internal audits own assessment of risk and materiality in addition to consultation with senior management to ensure it aligned to the organisation's key risks and objectives.

- The changing risk environment within the Council has been taken into account during the year.

- Work has been planned and performed so as to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the organisation's control environment is operating effectively.

- Our organisational independence and objectivity has not been subject to any impairment in fact or appearance; nor has the scope of our work been restricted in any way.

- Our insight gained from our interactions with Senior Management and the Audit & Accounts Committee.

- The findings of the A52 Investigation undertaken by Internal Audit during the financial year.

- The number of audits (14 audits, plus one school SFVS audit) that have resulted in assurance ratings of either "limited" or "none".

The following tables summarise the 2018-19 Audit Plan assignments and their outcomes as well as those assignments from the 2017-18 Audit Plan which were still ongoing in 2018-19.

2018-19 Jobs	Status	% Complete	Assurance Rating
Peoples			
Shared Lives	Final Report	100%	Limited
Local Area Co-Ordination - Impacts & outcomes	In Progress	75%	
Schools Standards & Performance Monitoring	Removed from Plan	n/a	
Corporate Parenting - PEP monitoring	Final Report	100%	Reasonable
Social Care Fieldwork	In Progress	10%	

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	Status	% Complete	Assurance Rating
Children Sexual Exploitation Prevention	In Progress	20%	
CIC Petty Cash Imprest Investigation	Final Report	100%	None
Corporate Resources			
Delivering differently - projects monitoring	Final Report	100%	Reasonable
Treasury Management	Final Report	100%	Comprehensive
Payroll	In Progress	55%	
Key financial systems - GL interfaces	In Progress	70%	
Heritage Assets	Final Report	100%	Limited
Fixed Assets 2018-19	In Progress	5%	
Creditors Accounts Payable	In Progress	45%	
Discretionary Housing Payments	Final Report	100%	Reasonable
Council Tax	Final Report	100%	Comprehensive
Non Domestic Rates	Final Report	100%	Comprehensive
HB & Ctax support	Final Report	100%	Comprehensive
Cash Management -CH Kiosk Payment	Final Report	100%	Comprehensive
Grant Certification Work	Complete	100%	Comprehensive
Corporate Pledges	Removed from Plan	n/a	
Health & Safety - Contractors Policy	Final Report	100%	Reasonable
Document Management &Network printing	Final Report	100%	Reasonable
Translation Services	Final Report	100%	Limited
FOI & Subject Access Requests	Final Report	100%	Comprehensive
Land Charges	Final Report	100%	Reasonable *
Open Text Security	Final Report	100%	Reasonable
IT Asset Disposal	Final Report	100%	Reasonable
IKEN System Security	Final Report	100%	Limited
Confirm IT system Security	Removed from Plan	n/a	
IT Project Management	Complete	100%	N/A
Liquid Logic/Servelec Follow-up	Final Report	100%	Reasonable
Civica/Flare - IT system security	Final Report	100%	Reasonable
Communities & Place			
Planning and Development Control	In Progress	60%	
Car Parks 3rd Party Collections	Final Report	100%	Limited
Licensing- Taxi	Draft Report	95%	Comprehensive *
CCTV – Access Control	In Progress	75%	
Lone working Arrangement	Final Report	100%	Limited
Commercial Property -Leasehold management	Removed from Plan	n/a	
Empty Homes Strategy	Final Report	100%	Comprehensive
Public Utilities Management	Final Report	100%	Limited
Investigations/Probity Work (incl Anti-Fraud & Corruption work)			
A52 - Project overspend Investigation	Final Report	100%	None
A52 - Project overspend - Systems Weaknesses	Final Report	100%	None
High value contracts-monitoring delivery	Removed from Plan	n/a	
Schools			
Schools SFVS Self Assessment 2018/19	Job Complete	100%	Reasonable
20 Schools SFVS	Complete	100%	9C, 10R, 1L

* Assurance ratings yet to be finalised

B/Fwd Jobs	Status	% Complete	Assurance Rating

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Peoples			
Adults Commissioning - Contract Management	Final Report	100%	Reasonable
Leaving Care Payments	Final Report	100%	Reasonable
Payment of Adoption Allowances	Final Report	100%	Reasonable
Out of Area Placements	Final Report	100%	Reasonable
EPM Contract Monitoring	Final Report	100%	Reasonable
DCC Public Health – PharmOutcomes	Final Report	100%	Comprehensive
Direct Payments - Mental Health	Final Report	100%	Reasonable
Corporate Resources			
Insurance Valuation	Final Report	100%	Reasonable
Social Media - Monitoring	Final Report	100%	Reasonable
People Management 2017-18	Final Report	100%	Reasonable
General Data Protection Regulation Review	Final Report	100%	Reasonable
Grant Certification Work 2017-18	Complete	100%	Comprehensive
Cash Policy Review Group	Complete	100%	N/A
Main Accounting Section 24 Reconciliations	Complete	100%	Reasonable
Fixed Assets - Section 24 Capital Controls	Complete	100%	Reasonable
Procurement Monitoring 2017-18	Final Report	100%	Reasonable
Payroll - Key Controls & IR35	Final Report	100%	Reasonable
Organisational Culture & Ethics	Final Report	100%	Reasonable
CCTV Management Arrangements	Final Report	100%	Reasonable
Severlec Synergy Data Quality Checks	Final Report	100%	Reasonable
File Share Management	Final Report	100%	Reasonable
Main Accounting 2016-17 - Reconciliations	Final Report	100%	Limited
Procurement Monitoring	Final Report	100%	Reasonable
Communities & Place			
Bus Station Recharges/Income	Final Report	100%	Reasonable
Licensing -Alcohol	Final Report	100%	Reasonable
Markets	Final Report	100%	Limited
Connect Derby - Rents	Final Report	100%	Reasonable
Investigations/Probity Work (incl Anti-Fraud & Corruption work)			
Customer Services Investigation	Final Report	100%	Limited
Investigation - Catering	Final Report	100%	Limited
Compliance - HR	Final Report	100%	Limited
MTFP(Agile)	Final Report	100%	Reasonable
Schools			
Schools SFVS Self-Assessment 2017-18	Final Report	100%	Comprehensive

- Of the 84 completed assignments, 67 attracted either a 'Comprehensive' or 'Reasonable' assurance rating. There were 13 audit assignments that were given a 'Limited' assurance rating and two assignments received a "none" assurance rating. There were two "consultancy" type assignments that could not be given an assurance rating due to the nature of the review. From the completed assignments a total of 331 recommendations were made; 186 of these were considered to present a low risk; 137 were considered to present a

moderate risk; with the remaining 8 presenting a significant risk; no critical risk recommendations were made. 5 of the significant risk recommendations have now been implemented.

- Of the 19 **Key Financial System** audits undertaken in 2018-19 including brought forward work, 13 were finalised and attracted either a Comprehensive or Reasonable overall assurance rating, with 2 having a Limited overall assurance rating. The remaining 4 audits are still in progress.

  o The first significant risk related to an inadequate reconciliation process relating to the management of council car parks identified in the Car Parks 3rd Party Collections audit; the reconciliation process has since been reviewed and we are now satisfied with the controls in place.

  o The second significant risk related to a data security issue relating to housing payment customers identified in the Discretionary Housing Payments audit; the folders have since been restricted and we are now satisfied with the controls in place.

- Of the 26 **System/Risk** audits undertaken in 2018-19 including brought forward work, 16 were finalised and attracted either a Comprehensive or Reasonable overall assurance rating, with 4 having a Limited overall assurance rating and 1 which was Not Applicable. The remaining 5 audits are still in progress. These audit assignments identified 125 recommendations, 81 of which were classified as low risk; 41 were a moderate risk and 3 were considered a significant risk.

  o The first significant risk related to lack of monitoring relating to market trader rent arrears identified in the Markets audit; an arrears process is now followed and arrears are being monitored.

  o The second significant risk related to risk assessments not being completed in relation to lone working identified in the Lone Working Arrangements audit; lone working risks have now been highlighted and spot checks are undertaken to ensure the lone working policy is being followed.

  o The final significant risk is related to the availability of information relating to lone working also identified in the Lone Working Arrangements audit; a training programme is currently pending approval with an action date for implementation of 01/06/2019.

- Of the three **Governance/Ethics** audits undertaken during 2018-19, all have been finalised and attracted Reasonable overall assurance rating. These audit assignments identified 10 recommendations, 3 of which were classified as low risk; 3 were a moderate risk and none were considered a significant risk.

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- Of the 10 **IT Audits** undertaken in 2018-19 including brought forward work, 8 were finalised and attracted a Reasonable overall assurance rating, with 1 having a Limited overall assurance rating and 1 which was Not Applicable. These audit assignments identified 62 recommendations, 41 of which were classified as low risk; 19 were a moderate risk and 2 were considered a significant risk.

    o The first significant risk related to the access permissions of folders containing personal data relating to the open text system identified in the Open Text Security audit; an investigation into this has since been conducted by IT and access levels have been amended.

    o The second significant risk related to camera quality issues relating to CCTV cameras on surface area car parks identified in the CCTV Management Arrangements audit; a cost benefit analysis has since been conducted by the parking services team and this recommendation is being followed up as part of the CCTV Access Control Audit.

- Of the eight **Investigation/ Probity** audits undertaken in 2018-19 including brought forward work, 2 were finalised and attracted either a Comprehensive or Reasonable overall assurance rating, with 3 having a Limited overall assurance rating and 3 which had No Assurance. These audit assignments identified 100 recommendations, 15 of which were classified as low risk; 61 were a moderate risk and 24 were considered a significant risk.

    o The first significant risk related to the inaccurate monthly reconciliation of an imprest account relating to the children in care bank account identified in the CIC Petty Cash Imprest Investigation; the officer responsible has since been questioned and the account is in the process of being closed, audit are awaiting evidence relating to this.

    o The remaining significant risks were highlighted as part of the **A52 - Project Overspend Investigation** and detailed in the **A52 - Project Overspend – Systems Weaknesses** report. This was a major investigation that resulted in 53 recommendations, 23 of significant risk, 27 of moderate risk and 3 of low risk. Of these, 25 have been successfully implemented with 28 due for future action.

- Of the five **Procurement/Contract** audits undertaken in 2018-19 including brought forward work, 4 were finalised and attracted a Reasonable overall assurance rating, with 1 having a Limited overall assurance rating. These audit assignments identified 36 recommendations, 25 of which were classified as low risk and 11 were a moderate risk and none were considered a significant risk.

- All 57 **Schools** covered by audit in Derby are required to complete an annual SFVS Self-Assessment. We also visit 20 of these schools each year to perform an independent assessment of their performance against the SFVS assessment. The rest are compiled into a Schools SFVS Self-Assessment audit report. For the 20 visited schools 19 were finalised and attracted a Comprehensive or Reasonable overall assurance rating, with 1 having a Limited overall assurance rating. The SFVS Self-Assessment report for 2017-18 was completed as a brought forward job with a Comprehensive overall assurance rating while the one for 2018-19 had a Reasonable Assurance Rating.

This opinion is provided with the following caveats:

- The opinion does not imply that Internal Audit has reviewed all risks, controls and governance arrangements relating to the Council. The opinion is substantially derived from the conduct of risk-based audit work and as such, it is only one component that is taken into account when producing the Council's Annual Governance Statement.

- No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.

- Full implementation of all agreed actions is essential if the benefits of the control improvements detailed in each individual audit report are to be realised.

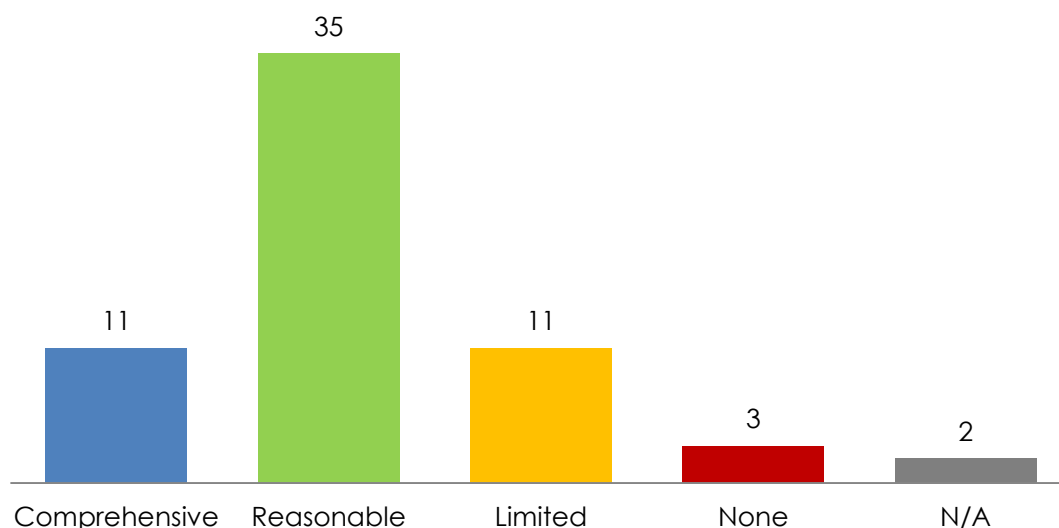# Derby City Council – Internal Audit Annual Report 2018-19

Audit Coverage

Assurances Provided

The following table seeks to summarise the extent of audit coverage provided to Derby City Council during 2018-19 and the assurance ratings associated with each audit assignment.

Summary of Audit Plan 2018-19 Results (incl. Jobs B/Fwd)	Type of Review							Totals
	Key Financial System	System/ Risk	Governance /Ethics	IT Audit	Inv/ Probity	Procurement /Contract	Schools	
Not Yet Complete	4	5						9
Comprehensive	7	3			1		10	21
Reasonable	6	13	3	8	1	4	11	46
Limited	2	4		1	3	1	1	12
None					3			3
N/A		1		1				2
	19	**26**	**3**	**10**	**8**	**5**	**22**	**93**

Assurances Provided 2018-19

* Chart excludes those jobs not yet sufficiently complete and individual School SFVS review results

Assurance Ratings Explained

Comprehensive - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.

Reasonable - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

Limited - We are able to offer limited assurance in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

None - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

N/A – The type of work undertaken did not allow us to reach a conclusion on the adequacy of the overall level of internal control.

These assurance ratings are determined using our bespoke modelling technique which takes into account the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks.

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Audit Plan Assignments 2018-19

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Treasury Management	Comprehensive				3	33%
Payroll						n/a
Key financial systems - GL interfaces						n/a
Probity - Heritage Assets	Limited			5	1	50%
Fixed Assets 2018-19						n/a
Creditors Accounts Payable						n/a
Discretionary Housing Payments - Probity	Reasonable	1			1	100%
Council Tax	Comprehensive					n/a
Non Domestic Rates	Comprehensive					n/a
Housing Benefit & Council Tax support	Comprehensive					n/a
Cash Management - CH Kiosk Payments	Comprehensive				3	100%
Grant Certification	Comprehensive			1	1	50%
Grant Certification Work 2017-18	Comprehensive					n/a
Main Accounting - S24 Reconciliations	Reasonable			10	5	80%
Key Financial systems - S24 y/e procedures	Reasonable					n/a
S24 - Provisions & Write offs	Reasonable					n/a
Fixed Assets- S24 Capital Controls	Reasonable			4	4	63%
Payroll - Key Controls & IR35	Reasonable			2	4	100%
Cash Management - Car Parks 3rd Party Collections	Limited	1		3	2	67%
Local Area Co-Ordination - Impacts & outcomes						n/a
Corporate Parenting - PEP monitoring	Reasonable			1	2	
Social Care Field work- prevention & early intervention						n/a
Leaving Care Payments	Reasonable			2	9	73%
Payment of Adoption Allowances	Reasonable			3	5	88%
Out of Area Placements	Reasonable			2	2	75%
Public Health - PharmOutcomes	Comprehensive				1	100%
Direct Payments - Mental Health	Reasonable			2	5	71%
Delivering differently Project Management	Reasonable			2	8	70%
Document Management & Network Printing	Reasonable			1	1	
Translation Services	Limited			8		50%
Land Charges Income	Reasonable			3	6	
Insurance Valuation	Reasonable			1	5	33%
People Management 2017-18	Reasonable			1	2	33%
Cash Policy Review Group	N/A					n/a
Planning and Development Control- Planning Applications processing						n/a
Licensing- Taxi	Comprehensive					n/a
CCTV - Access Control						n/a
Probity - Lone working Arrangements	Limited			2	2	25%
Homelessness Reduction - Empty Homes Strategy	Comprehensive					n/a

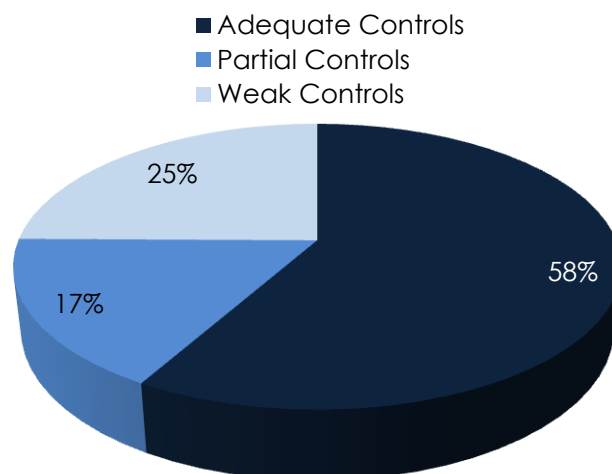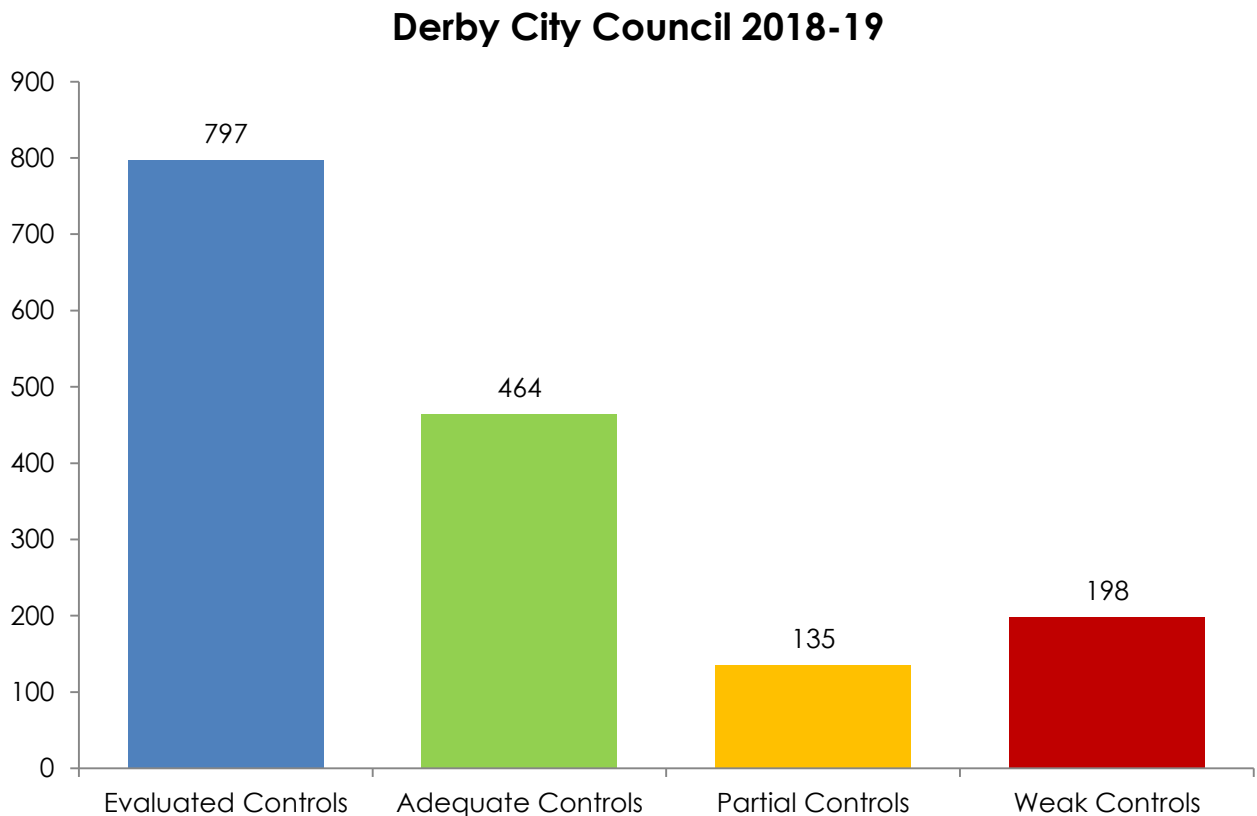# Derby City Council – Internal Audit Annual Report 2018-19

Area	Assurance					%
Public Utilities Management	Limited			4	5	11%
Bus Station Recharges	Reasonable			1	10	
Alcohol Licensing	Reasonable			3	2	80%
Markets	Limited		1	4	12	94%
Connect Derby - Rents	Reasonable			1	6	100%
Children Sexual Exploitation Preventation Strategy						n/a
Health and Safety Contractors Policy	Reasonable			1	1	100%
General Data Protection Regulations (GDPR)	Reasonable			2		100%
Organisational Risk Culture & Ethics	Reasonable			4	2	83%
Open Text Security	Reasonable		1	2	3	100%
IT Asset Disposal	Reasonable			1	1	100%
IKEN System Security	Limited			5	2	100%
IT Project Development	N/A					n/a
Liquid Logic/Servelec Follow-up	Reasonable			4	3	86%
Civica APP Security	Reasonable			4	7	45%
Social Media -Monitoring	Reasonable				8	100%
CCTV Management Arrangements	Reasonable		1	2	4	71%
Severlec Synergy Data Quality Checks	Reasonable				6	100%
File Share Management	Reasonable			1	7	50%
CIC petty Cash Imprest Investigation	None		1	9	5	80%
Freedom of Information & Subject Access Requests	Comprehensive					n/a
A52 - Project overspend Investigation	None					n/a
A52 - Project overspend - Systems Weaknesses	None		23	27	3	47%
Customer Services Investigation	Limited			7	1	88%
Investigation - Catering	Limited			12	3	13%
Compliance-HR	Limited			5	2	100%
MTFP(Agile)	Reasonable			1	1	50%
Shared Lives	Limited			6	6	33%
Adults Commissioning - Contract Management	Reasonable			1	10	91%
EPM Contract Monitoring	Reasonable			2		100%
Contract Monitoring 2017-18	Reasonable			1	7	38%
Procurement Monitoring	Reasonable			1	2	100%
Schools SFVS Self Assessment 2018/19	Reasonable					n/a
TOTALS			**31**	**164**	**189**	**62%**

* Assurance ratings yet to be finalised

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Internal Controls Examined

For those audits finalised during 2018-19, we established the following information about the controls examined:

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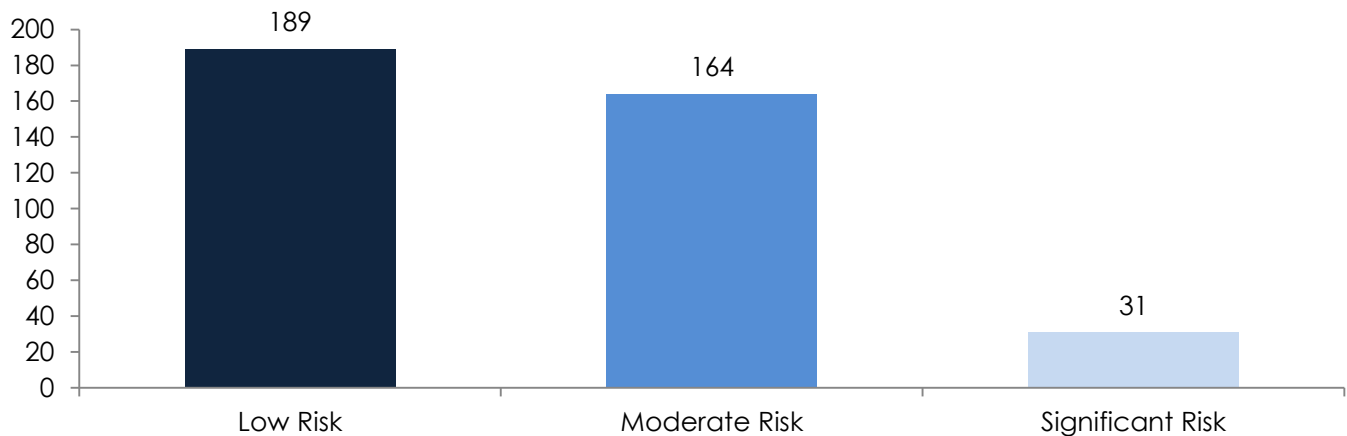
Recommendations Made

The control weaknesses identified above resulted in 384 recommendations which suggested actions for control improvements. The following table and charts show where the recommendations came from, how the recommendations were risk rated and the current status of all recommendations made in 2018-19:

Audit Assignments Completed in Period	Type of Review	Recommendations Status			
		Total Closed	Action Due	Being Implemented	Future Action
Treasury Management	Key Financial System	1			2
Payroll	Key Financial System				
Key financial systems - GL interfaces	Key Financial System				
Probity - Heritage Assets	Key Financial System	3		3	
Fixed Assets 2018-19	Key Financial System				
Creditors Accounts Payable	Key Financial System				
Discretionary Housing Payments - Probity	Key Financial System	2			
Council Tax	Key Financial System				
Non Domestic Rates	Key Financial System				
Housing Benefit & Council Tax support	Key Financial System				
Cash Management - CH Kiosk Payments	Key Financial System	3			
Grant Certification	Key Financial System	1	1		
Grant Certification Work 2017-18	Key Financial System				
Main Accounting - S24 Reconciliations	Key Financial System	12	2	1	
Key Financial systems - S24 y/e procedures	Key Financial System				
S24 - Provisions & Write offs	Key Financial System				
Fixed Assets- S24 Capital Controls	Key Financial System	5	2	1	
Payroll - Key Controls & IR35	Key Financial System	6			
Cash Management - Car Parks 3rd Party Collections	Key Financial System	4			2
Local Area Co-Ordination - Impacts & outcomes	System/Risk				
Corporate Parenting - PEP monitoring	System/Risk				3
Social Care Field work- prevention & early intervention	System/Risk				
Leaving Care Payments	System/Risk	8		3	
Payment of Adoption Allowances	System/Risk	7		1	
Out of Area Placements	System/Risk	3		1	
Public Health - PharmOutcomes	System/Risk	1			
Direct Payments - Mental Health	System/Risk	5		2	
Delivering differently Project Management	System/Risk	7		3	
Document Management & Network Printing	System/Risk				2
Translation Services	System/Risk	4		4	
Land Charges Income	System/Risk				9
Insurance Valuation	System/Risk	2			4
People Management 2017-18	System/Risk	1	2		
Cash Policy Review Group	System/Risk				

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Planning and Development Control- Planning Applications processing	System/Risk				
Licensing- Taxi	System/Risk				
CCTV - Access Control	System/Risk				
Probity - Lone working Arrangements	System/Risk	1		2	1
Homelessness Reduction - Empty Homes Strategy	System/Risk				
Public Utilities Management	System/Risk	1	2		6
Bus Station Recharges	System/Risk		4	7	
Alcohol Licensing	System/Risk	4	1		
Markets	System/Risk	16		1	
Connect Derby - Rents	System/Risk	7			
Children Sexual Exploitation Preventation Strategy	Governance/Ethics				
Health and Safety Contractors Policy	Governance/Ethics	2			
General Data Protection Regulations (GDPR)	Governance/Ethics	2			
Organisational Risk Culture & Ethics	Governance/Ethics	5		1	
Open Text Security	IT Audit	6			
IT Asset Disposal	IT Audit	2			
IKEN System Security	IT Audit	7			
IT Project Development	IT Audit				
Liquid Logic/Servelec Follow-up	IT Audit	6		1	
Civica APP Security	IT Audit	5	3		3
Social Media -Monitoring	IT Audit	8			
CCTV Management Arrangements	IT Audit	5	1	1	
Severlec Synergy Data Quality Checks	IT Audit	6			
File Share Management	IT Audit	4			4
CIC petty Cash Imprest Investigation	Investigation/Probity	12	1	2	
Freedom of Information & Subject Access Requests	Investigation/Probity				
A52 - Project overspend Investigation	Investigation/Probity				
A52 - Project overspend - Systems Weaknesses	Investigation/Probity	25			28
Customer Services Investigation	Investigation/Probity	7		1	
Investigation - Catering	Investigation/Probity	2		13	
Compliance-HR	Investigation/Probity	7			
MTFP(Agile)	Investigation/Probity	1			1
Shared Lives	Procurement/Contract	4	2	6	
Adults Commissioning - Contract Management	Procurement/Contract	10	1		
EPM Contract Monitoring	Procurement/Contract	2			
Contract Monitoring 2017-18	Procurement/Contract	3		1	4
Procurement Monitoring	Procurement/Contract	3			
Schools SFVS Self Assessment 2018/19	Schools				
TOTALS		**238**	**22**	**55**	**69**

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Recommendations Made 2018-19

- Low Risk: 189
- Moderate Risk: 164
- Significant Risk: 31

Action Status of 2018-19 Recommendations

- Implemented: 225
- Risk Accepted: 13
- Superseded: 0
- Being Implemented: 55
- Action Due: 22
- Future Action: 69

2018-19 Recommendations Status

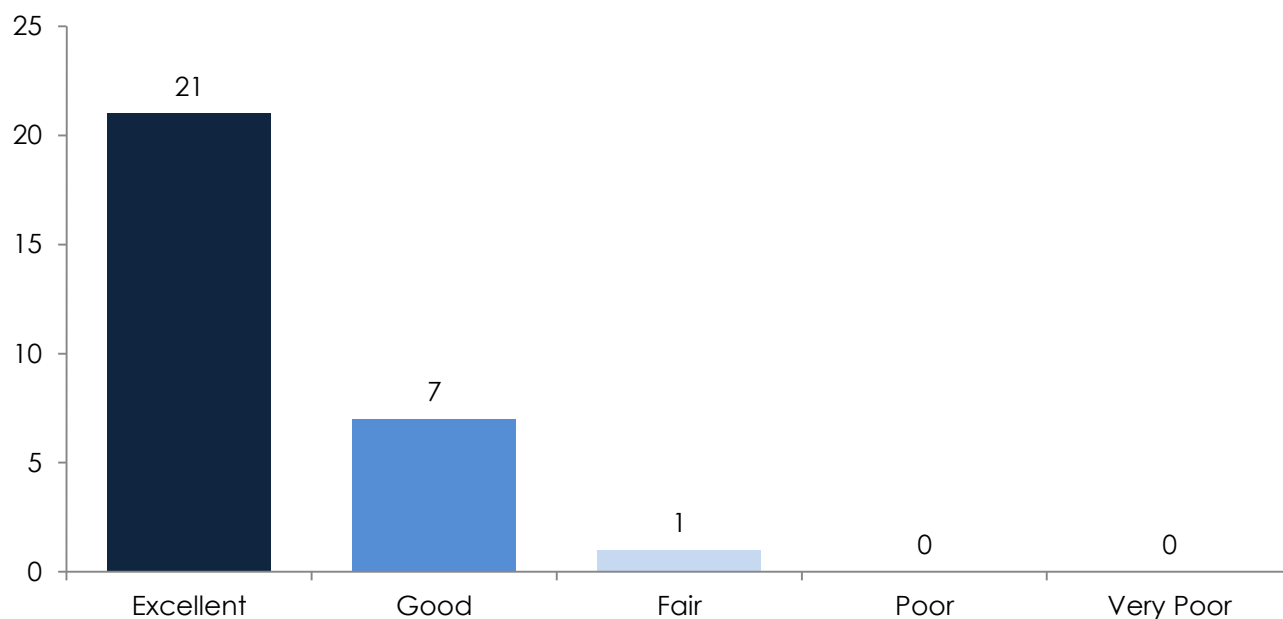| Status	Significant Risk	Moderate Risk	Low Risk
Implemented	14	101	110
Risk Accepted		6	7
Superseded			
Being Implemented	3	24	28
Action Due		6	16
Future Action	14	27	28

■ Significant Risk ■ Moderate Risk ■ Low Risk
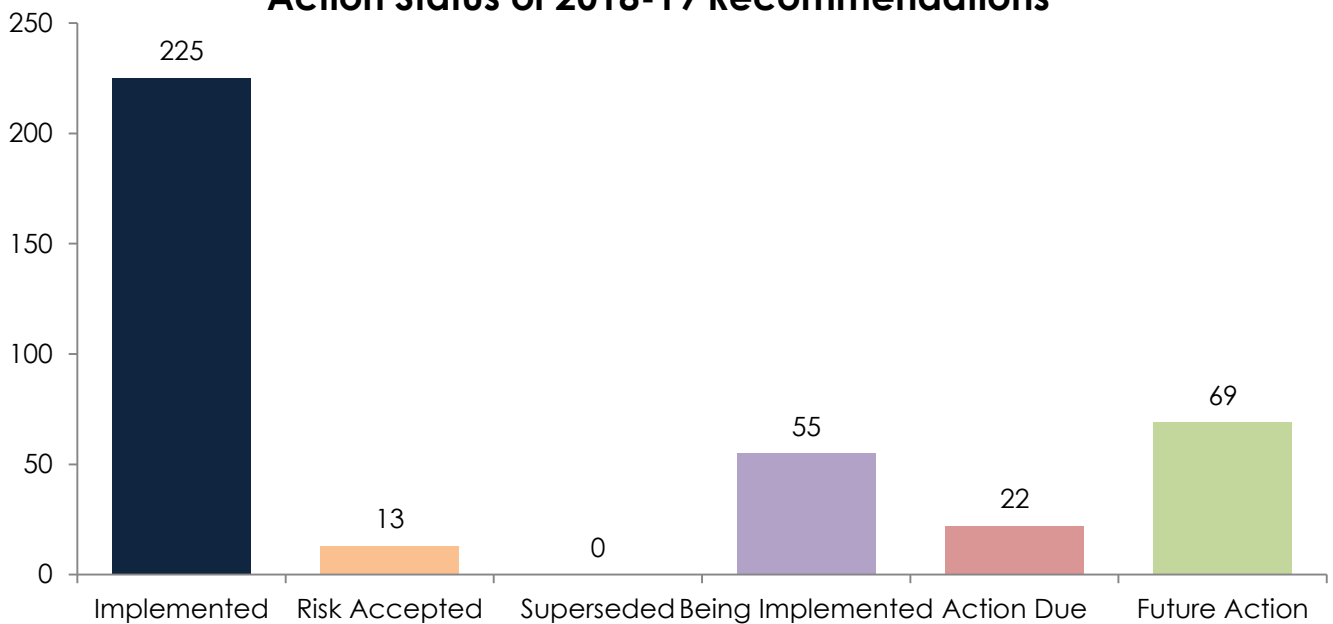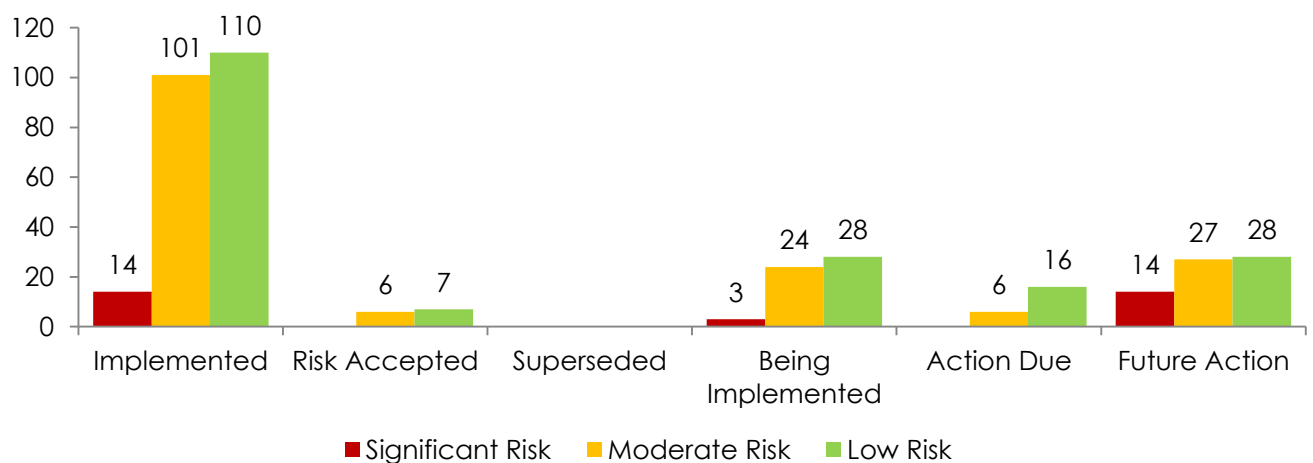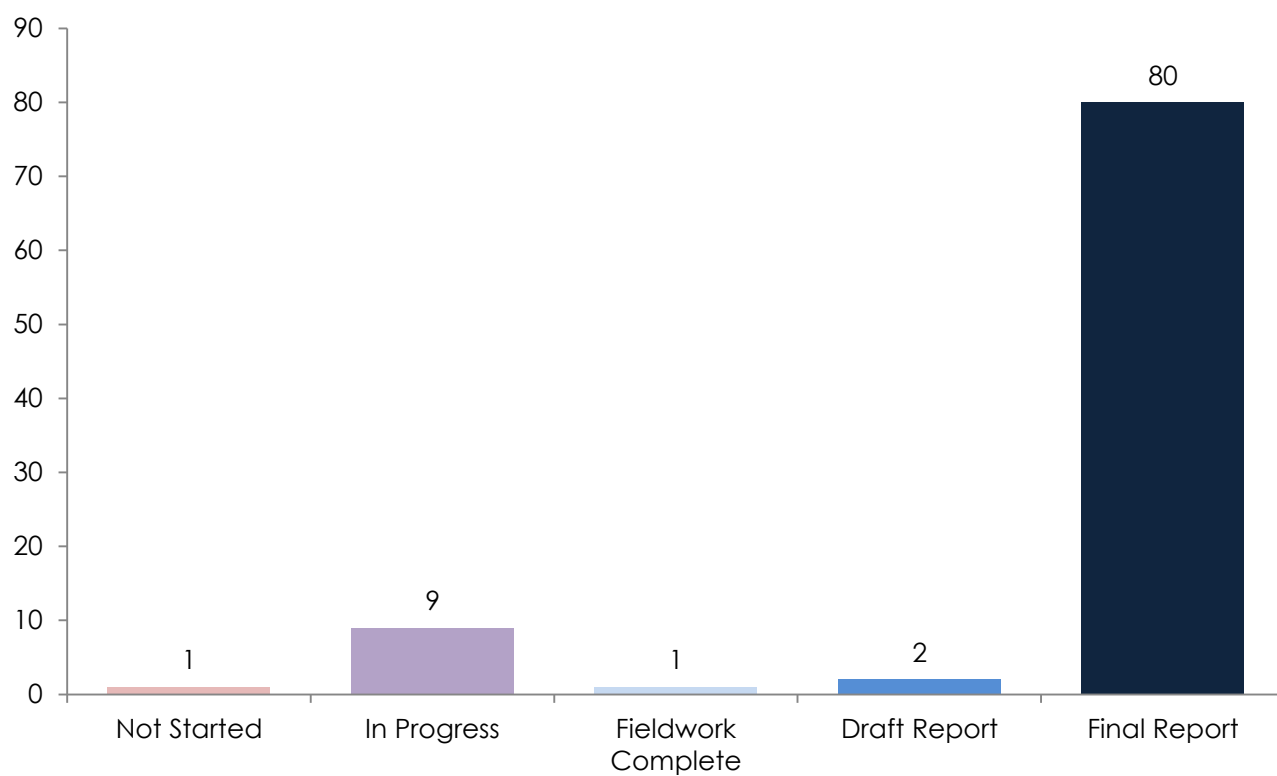
Performance Measures (as at 31 March 2019)

Customer Satisfaction Returns 2018-19

Plan Progress 2018-19

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QAIP – Improvement Plan

ACTIONS
1. We need to seek satisfaction feedback from Audit Committees & Senior Management on whether the Audit Plan focuses on the things that matter to the organisation and whether our opinion and recommendations are valued and help the organisation
2. We must continue to heighten our profile by building on the relationship management already established with each partner organisation. i.e. Regular meetings with senior management and regular on-site presence.
3. To avoid any perceived conflicts of interest, we need to re-iterate/emphasise our rules and individual responsibilities to matters concerning the impairment of our professional judgement.
4. Our Record Retention Policy needs to be refined and expanded to include temporary records not held on DCC's network drive. Potentially need to issue procedural guidance to supplement the policy. The ethical use of information gathered during audits, needs to be emphasised.
5. We need to map competency levels of staff over the various audit disciplines (e.g. contract, IT, probity, investigations etc.) that we can link to audit engagements to demonstrate that the staff assigned are appropriate.
6. To show our commitment to staff retention and development, we also need to ensure that: • staff complete the AMS in respect of any training received, • we undertake MIPs in accordance with the hosts requirements and • we produce a Training & Development Plan to demonstrate a culture of continuous improvement which considers the needs of individuals
7. To ensure that the Audit Charter is reviewed and approved by the board we should develop a reporting timetable for each Audit Committee that defines what needs to go to each Committee during the year ahead.
8. We need to make a declaration on whether there are any perceived conflicts of interest with any other assurance providers which the CAE is relying upon when forming an opinion.
9. We must seek to ensure that the organisational changes at DCC do not impair the independence of the CAE by getting operational responsibilities for non-audit functions.
10. We need to establish a robust process for engaging capable assistance when resource shortfalls exist (e.g. contracts for Co-sourcing, specialists service providers etc.) (i.e. Staffs re AMS support)
11. We must ensure that our Audit Manual is complete, up-to-date, readily available and used by all audit staff.

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12. To ensure that audit engagements are supported by appropriate tools, we need to encourage Auditors greater use of CAATs (e.g. IDEA and analytical Excel functions) and consider whether it would be beneficial to record when they have been used to identify potential development opportunities.

13. Complete this self–assessment and produce a revised QAIP and Action Plan for reporting to all necessary parties.

14. To demonstrate stakeholder engagement with the process, we need to ensure that the QAIP Action Plan is a standard agenda item on both Operational Management group and at Audit Section meetings.

15. We must never again allow the external assessor to be also engaged as a consultant for management. A conflict of interest existed which could mean that the process was not independent and could have been manipulated for other purposes.

16. To ensure that we are managing risks to the internal audit activity appropriately and effectively, we need to try and improve the financial monitoring information produced for CMAP and produce a Business Plan that demonstrates that the internal audit activity is adding value to each organisation.

17. To ensure the CAE communicates significant interim changes to plans and resource requirements, we could improve the way we plan/report the use of contingency time for certain partners.

18. Need to add an area to record other assurance providers to our individual assignment risk assessments, we need to consider how we can incorporate this information into our overall risk assessment process and our overall opinion and how the other assurance provider information we gather can be used to demonstrate the overall Assurance 'map' for each organisation.

19. To support the improvement of the organisation's governance framework, we need to undertake consultancy work to facilitate the self-assessment of the effectiveness of the Audit Committee at all partner organisations as well as develop a suite of Audit Committee training courses.

20. We need to consider how we could systematically evaluate the potential for the occurrence of fraud at each partner organisation and how each organisation manages fraud risk.

21. To demonstrate each work programme has been appropriately approved, we need to continue to develop the controls/risk/tests selection from a searchable database in the AMS (which will automatically generate the control evaluation) which incorporates attributes for each control (such as risk type, control type) so we can better demonstrate our coverage and the scrutiny and approval of that coverage by audit management. We need to continue to gather control/risk/test data from existing audit ready for import into the database.