Appendix 1

Derby City Council –

Internal Audit Annual Report 2021-22

Audit & Governance Committee: 15th June 2022

Derby City Council

# Contents   Page

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.

Contacts

Richard Boneham CPFA
Head of Internal Audit (DCC) &
Head of Audit Partnership
c/o Derby City Council
Council House
Corporation Street
Derby, DE1 2FS
Tel. 01332 643280
richard.boneham@derby.gov.uk

Adrian Manifold CMIIA
Audit Manager
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643281
adrian.manifold@centralmidlandsaudit.co.uk

Mandy Marples CPFA, CCIP
Audit Manager
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643282
mandy.marples@centralmidlandsaudit.co.uk
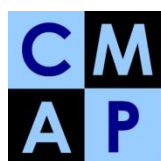
CMAP central midlands audit partnership

Providing Excellent Audit Services in the Public Sector

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 and Head of the Audit Partnership.

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

Derby City Council – Internal Audit Annual Report 2021-22

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

- **Inadequate System of Governance, Risk and Internal Control** – Findings indicate significant 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 Governance, Risk and 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 Governance, Risk and Internal Control** - Findings indicate that on the whole, arrangements 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.

Our last external quality assessment on our overall conformance with the Standards was undertaken in 2017 and it was determined that we generally conformed with each standard. Accordingly, another external quality assessment is due in 2022 and CMAP management is currently in the process of procuring a firm to undertake the review.

In November 2021, the CMAP management team undertook a self-assessment against the Standards and produced a revised **Error! Reference source not found.** which is appended on page 20 at the end of this report. Following consultation with all members of the Audit Team, this QAIP was reported to the Partnership Board on 2nd March 2022 for approval. We are committed to undertaking another self-assessment against the Standards in preparation for the forthcoming External Quality Assessment.

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.

CM
AP central midlands audit partnership

Derby City Council – Internal Audit Annual Report 2021-22

Audit Opinion 2021-22

Based on the work undertaken during the year, I have reached the overall opinion that there is a **Satisfactory System of Governance, Risk, Internal Control** - Findings indicate that on the whole, arrangements are satisfactory, although some enhancements may have been recommended.

In forming this opinion, I am satisfied that no conflicts of interest have occurred which would have any bearing on my independence or objectivity. Also, my 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.

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

- The level of coverage provided by Internal Audit was considered adequate to support the opinion.

- The 2021-22 Quarterly Internal Audit Plans, approved by the Audit & Governance Committee, were informed by internal audit's 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 2021-22 financial year.

- There was no change in the Statutory Officer roles 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 Council'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.

- A risk management framework exists that informs the internal audit plan.

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

- The number of audits that have resulted in assurance ratings of either "limited" or "no" assurance. There were seven audits categorised as limited assurance and there were no reviews that gave a "no assurance" rating. To reach my overall opinion, I have also considered the findings of those audits at draft report stage.

  Note: Those audits at draft report stage, do not take into account management responses on recommendations made. However, they will have been agreed with the auditee at a closing meeting.

- The degree to which recommended actions have been implemented to address our concerns over risk and control weaknesses within the Council.

- Although some audits were not deemed as "assurance audits" (i.e. investigation work, consultancy and advice work) they have highlighted issues around governance, risk and control that generally require either remedial or

mitigation actions. This work is included in my assessment of the governance, risk and control framework.

The audit plan at Derby City Council is a quarterly rolling plan. My annual opinion is based on audit work completed in the 12 months from 1 April 2021 to 31 March 2022. The outcomes of this work are contained in my Annual Internal Audit Report for 2021/22, which starts on page 9 of this document.

My 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.

Overall, management is making sufficient progress with the implementation of required actions to address the risks and weaknesses that Internal Audit has identified during 2021/22. However, there are still areas where implementation of agreed actions is not being progressed satisfactorily, or insufficient evidence is available to demonstrate the recommendation has been implemented. Such instances as raised with Senior Management as part of our quarterly review of the progress being made on the implementation of recommendations. The progress reports to Audit and Governance Committee have identified areas of concern around lack of progress and where appropriate, the Committee has invited the responsible manager to attend Committee to provide an update and explanation for the lack of progress.

There are also still isolated instances of non-response to draft internal audit reports. Again, these are raised with the Committee and the responsible manager is invited to attend Committee to explain their non-compliance with process. The escalation process is now being more tightly enforced.

Derby City Council – Internal Audit Annual Report 2021-22

Audit Coverage

Assurances Provided

Chart 1 and Table 1 below seek to summarise the assurances provided from the audit coverage provided to Derby City Council during 2021-22. These assurance ratings inform my Audit Internal Annual Opinion.
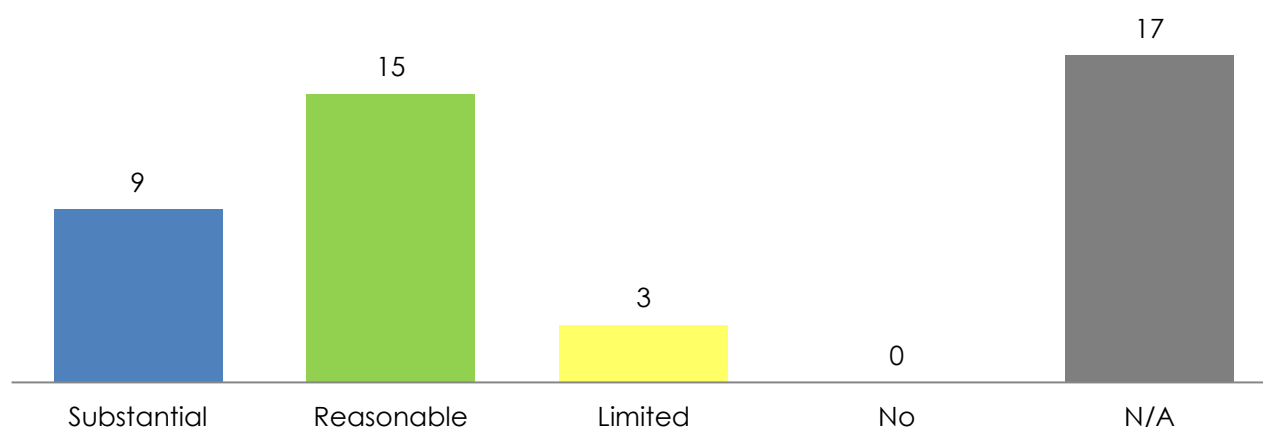
Chart 1 - Assurances Provided 2021-22

Table 1 – Assurances Provided by Type of Audit Review

Type of Review	Assurances Provided						
	Substantial	Reasonable	Limited	No	N/A	Not Complete	Totals
Key Financial System		2			2	3	7
System/Risk	7	6	3		4	10	30
Governance/Ethics	2	4				2	8
IT Audit		3			2	1	6
Anti-Fraud					4		4
Client Support Work					3	2	5
Procurement/Contract					2		2
Totals	**9**	**15**	**3**		**17**	**18**	**62**
Schools	1	12	4		1	1	19
Totals	**10**	**27**	**7**		**18**	**19**	**81**

Assurance Ratings Explained

Substantial - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

central midlands audit partnership

Derby City Council – Internal Audit Annual Report 2021-22

Limited - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

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.

Key Areas of Audit Work in 2021/22

Key Financial System audits

An important area of Internal Audit's assurance work is the review of the risks and controls associated with the Council's main financial systems. Our focus in 2021/22 was to provide assurance on the budget holders understanding of their role in managing their budgets. We also started our work on providing assurance on the implementation of the new Financial Management System, work which will continue in 2022/23. Our work on the specific financial systems raised no major concerns.

System/Risk audits

One of our main roles is to review the internal control systems developed by management to mitigate operational risks and report upon the adequacy of those controls. These audit reviews are mainly focused on departmental systems but can include corporate systems. Overall we were able to provide substantial/reasonable assurance in all but three areas – Carelink, the cash and bank processes in the Catering function and Derby Arena Car Parks, where the assurance that could be provided was limited for each area.

Governance/Ethics audits

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled. Internal Audit reviews specific areas of the governance framework each year. The main focus continues to be around the governance of key projects. In 2021/22, we were able to provide substantial/reasonable assurance in all governance areas reviewed. The key governance failing with projects is still the recording of declarations of interests.

central midlands audit partnership

Derby City Council – Internal Audit Annual Report 2021-22

IT Audits

One key area of work each year is our IT audit coverage. This work is important as it provides assurance around the Council's mitigating actions to reduce the threat of cyber-attacks and keep data secure. It also provides assurance on the mitigation of risk within IT developments /projects. We have continued our practice of notifying IT Management of any data security issues as they arise rather than delaying until the formal reporting stage. This has added value to the audit process in that potential data security issues can be mitigated in a timely manner. We then follow the mitigations through to the implementation stage. We have noted improvements in data security, but we are still identifying oversights that could lead to data breach or privacy violations.

Procurement/Contract

Internal Audit has been actively involved in the Council's Contract Management Project, working to strengthen contract management and ensure contract/procurement savings throughout the authority. We performed data analytics over the General Ledger data for Council spend with all suppliers, in order to identify potential off-contract spend for which procurement options should be considered and to identify gaps in the Contracts Register, non-compliance with the Public Contract Regulations and/or the requirements to publish contract opportunities on the Contract's Finder website. We explored a range of options in order to represent contract opportunities over the whole life of a contract and liaised with Strategic Directors, Service Directors, relevant Heads of Service and officers, as required, to gain an understanding of the Council's projects and contractual areas, along with the potential risks and control weaknesses. Where we have identified areas of potential concern, specific audit assignments have been undertaken (or are planned). There is still considerable work to do to realise the required level of control improvements in this area and work remains ongoing.

Anti-Fraud or investigation type work

Internal Audit has an important role to play in ensuring that management has effective systems in place to manage the risk of fraud within the Council. Internal audit's role includes promoting counter-fraud best practice, testing and monitoring systems through probity work and advising on change where it is needed. Internal Audit also may be involved in the investigation of suspected internal fraud, theft or major irregularity (where there is some form of alleged financial irregularity, which may have resulted in financial loss to the Council). Internal Audit works closely with the Council's Corporate Fraud team. In 2021/22 one of the key pieces of work was the data matching of information in connection with Covid business grants.

Client Support type work

On an ad-hoc basis, Internal Audit is called upon to provide risk and control advice on issues throughout the Council where risk and control systems and processes are embryonic or not yet mature. This work varies in type but does feed into the overall assurance opinion.

Derby City Council – Internal Audit Annual Report 2021-22

Schools Financial Value Standard – SFVS

Each year Internal Audit carries out work to provide the Chief Financial Officer with assurance around the Schools Financial Value Standard (SFVS) to enable him to certify the annual return to the Department for Education. We visit a proportion of LEA schools each year to perform an independent assessment of their performance against the Standard. In 2021-22 we undertook detailed reviews at 12 of the 35 schools. The remaining schools provide Internal Audit with a self-assessment return, the results of which are incorporated into an SFVS Annual Report. For the 12 schools that Internal Audit reviewed, eight attracted a Reasonable rating and four attracted a Limited rating.

We made a total of 141 recommendations across the 12 school audits; 125 of these were considered to present a low risk; 10 were considered to present a moderate risk; with the remaining six presenting a significant risk; no critical risk recommendations were made. None of the significant risk recommendations have yet been implemented. Table 2 shows the breakdown of recommendations and the status of implementation. Table 3 shows the breakdown of those recommendations not implemented by the agreed target date by school type.

Table 2 – Recommendations made at Schools.

	Implemented	Being Implemented	Risk Accepted	Superseded	Action Due	Future Action	Total
Low Risk	61	3	0	0	9	52	**125**
Moderate Risk	5	0	0	0	1	4	**10**
Significant Risk	0	0	0	0	0	6	**6**
Critical Risk	0	0	0	0	0	0	**0**
	66	**3**	**0**	**0**	**10**	**62**	**141**

Table 3 - Recommendations due that have not yet implemented by School type.

Recommendations Not Yet Implemented	Nursery	Primary	Secondary	Chequebook	Special	TOTALS
Being Implemented	0	2	1	0	0	**3**
Action Due	0	9	0	1	0	**10**
	0	**11**	**1**	**1**	**0**	**13**

Although the audits were completed by the end of Quarter 4, the SFVS Assurance Statement was not finalised until April 2022. It is then sent to the Chief Financial Officer to enable him to sign off the Mandatory SFVS Return by 31st May each year. The SFVS Annual Report for 2021/22 will therefore be treated as a brought forward audit in 2022/23.

central midlands audit partnership

Derby City Council – Internal Audit Annual Report 2021-22

Audit Plan Assignments 2021-22

Table 2 summarise the 2021-22 Audit Plan assignments and their outcomes (where completed) and includes those assignments from the 2020-21 Audit Plan which were still ongoing in 2021-22.

Table 2: Individual Audit Assignments Completed in 2021/22

Audit Assignment	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Accounts on Deposit	N/A				2	
Grant Certification 2021-22	N/A					n/a
Financial Management System Project						n/a
CIPFA Financial Management Code						n/a
Key Financial Controls 2021-22						n/a
Budget Management	Reasonable				6	50%
Financial Reporting - Impact of Covid 19	Reasonable			2	3	40%
Carelink	Limited			4	9	31%
Care Act 2014						n/a
Safeguarding & Domestic Abuse						n/a
Payments for Children's Social Care 2021-22	Reasonable			3	2	
Direct Payments 2021-22	Substantial				4	25%
Special Educational Needs and/or Disabilities						n/a
Demand Management	N/A					n/a
Pre-Paid Cards	Reasonable				7	71%
Health & Wellbeing	Substantial				4	50%
Health & Safety 2021-22						n/a
SIRO/Information Governance *	Substantial				1	
Payment Systems - Impact of Covid 19	Substantial				1	
Insurance 2020-21	Substantial				2	
SR5 - Non-complaint condition of council properties	N/A					n/a
SR8 - Poor Data and Records Management	N/A					n/a
Corporate Resources - Risk Management	Reasonable				7	
Catering - Cash & Bank Process	Limited	1	4	3		25%
Leisure Centres *	Reasonable				13	85%
Building Security (Parks)						n/a
Food Safety						n/a
Community Safety						n/a
Land Drainage & Flood Control						n/a
Climate Change – Airside Road Quality						n/a
Parking Permits 2021-22 *	Reasonable			3	3	
Strategic Housing	Substantial				2	50%
Economic Recovery 21-22						n/a
Waste Treatment Plant	N/A					n/a
Neighbourhood Boards	Reasonable		1	2	2	
Section 106 Agreements 2020-21	Substantial				3	100%
Derby Arena Car Parks	Limited			3	2	
Bed & Breakfast Framework	Reasonable			4	3	86%

Derby City Council – Internal Audit Annual Report 2021-22

Democratic Services - Impact of Covid 19	Reasonable				1	1	100%
Transforming Cities /Mobility Programme							n/a
Rough Sleeping & Foodbanks	Substantial					1	
Becketwell Project	Substantial					2	100%
Former Aida Bliss Site Project	Reasonable		1		1	4	
SmartParc Project	Reasonable				1	2	67%
Business Continuity - Impact of Covid 19							n/a
Digital By Default Project							n/a
Digital Workforce - Windows 10 Build	Reasonable				2	6	38%
Domain Password Security 2021-22	N/A				4		75%
File Server Migration - Data Security	N/A				1		100%
Microsoft 365 Security	Reasonable				3	4	43%
Boundary Defence	Reasonable				2	7	
School Financial Irregularities	N/A						n/a
School Whistleblowing - Expenses	N/A					2	100%
Leaver Data Matching	N/A				3		33%
Compliance with Grievance Policy	N/A						n/a
Contract & Project Audit Assurance	N/A						n/a
Contract Management - Data Analytics	N/A						n/a
Housing Framework for 16 & 17 Year Olds							n/a
Project Delivery - Fact Finding	N/A						n/a
Procurement Cards 2020/21	N/A						n/a
Leisure & Business Development 2021-22	N/A						n/a
Planning Complaint - Pastures Hill							n/a
Schools SFVS Self-Assessments 2021-22							n/a
TOTALS			**3**		**43**	**108**	**38%**

Note: Excludes individual school audits

* Fieldwork complete/Draft Report but Assurance ratings yet to be finalised

The following 2021/22 audits in Table 2 were still on-going at 31st March 2022.

2021-22 Jobs	Status	% Complete
People Services		
Care Act 2014	In Progress	60%
Safeguarding & Domestic Abuse	In Progress	65%
Housing Framework for 16 & 17 Year Olds	In Progress	45%
Special Educational Needs and/or Disabilities	In Progress	70%
Corporate Resources		
Financial Management System Project	In Progress	30%
CIPFA Financial Management Code	Allocated	10%
Key Financial Controls 2021-22	In Progress	25%
Health & Safety 2021-22	Allocated	10%
Digital By Default Project	Allocated	20%
Communities & Place		
Food Safety	In Progress	50%
Community Safety	Allocated	5%
Land Drainage & Flood Control	In Progress	50%
Planning Complaint	In Progress	70%

CMAP
central midlands audit partnership

Derby City Council – Internal Audit Annual Report 2021-22

Building Security (Park)	Report Drafted	90%
Transforming Cities /Mobility Programme	Report Drafted	90%
Climate Change – Roadside Air Quality	Allocated	5%
Schools		
Schools SFVS Annual Report 2021/22	In Progress	50%

There was one audit brought forward from 2020/21 that was not completed by 31 March 2022 due to work pressures on key staff within the Business Continuity team.

B/Fwd Jobs from 2020/21	Status	% Complete	Assurance Rating
Communities & Place			
Business Continuity - Impact of Covid 19	In Progress	70%	

Internal Controls Examined

For those audits finalised during 2021-22, we established the following information about the controls examined:
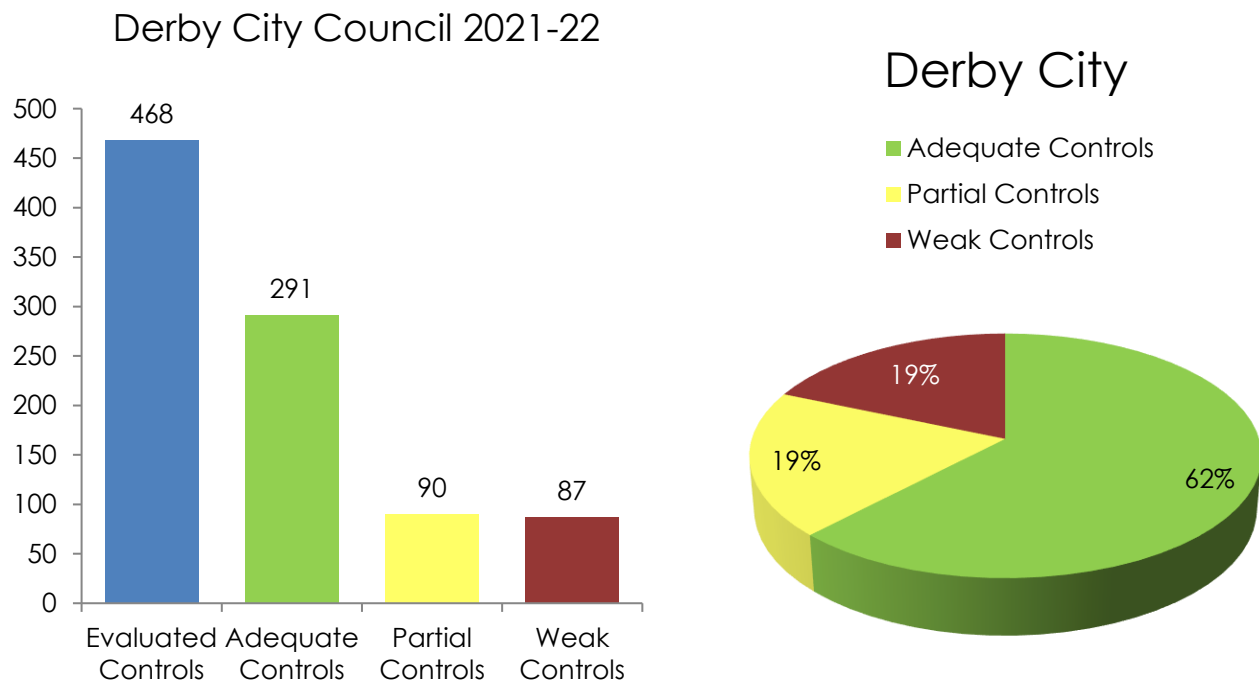
Recommendations Made

The control weaknesses identified above resulted in 154 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 2021-22:

Audit Assignments Completed in Period	Type of Review	Recommendations Status

CMAP
central midlands audit partnership

Derby City Council – Internal Audit Annual Report 2021-22

		Total Closed	Action Due	Being Implemented	Future Action
Accounts on Deposit	Key Financial System				2
Grant Certification 2021-22	Key Financial System				
Financial Management System Project	Key Financial System				
CIPFA Financial Management Code	Key Financial System				
Key Financial Controls 2021-22	Key Financial System				
Budget Management	Key Financial System	3	2		1
Financial Reporting - Impact of Covid 19	Key Financial System	2	1	2	
Carelink	System/Risk	4	4	5	
Care Act 2014	System/Risk				
Safeguarding & Domestic Abuse	System/Risk				
Payments for Children's Social Care 2021-22	System/Risk		1		4
Direct Payments 2021-22	System/Risk	1	1	2	
Special Educational Needs and/or Disabilities	System/Risk				
Demand Management	System/Risk				
Pre-Paid Cards	System/Risk	5	2		
Health & Wellbeing	System/Risk	2	2		
Health & Safety 2021-11	System/Risk				
SIRO/Information Governance	System/Risk				1
Payment Systems - In Light of Covid 19	System/Risk				1
Insurance 2020-21	System/Risk		2		
SR5 - Non-complaint condition of council properties	System/Risk				
SR8 - Poor Data and Records Management	System/Risk				
Corporate Resources - Risk Management	System/Risk		3		4
Catering - Cash & Bank Process	System/Risk	2	6		
Leisure Centres	System/Risk	11	2		
Darley Fields - Building Security	System/Risk				
Food Safety	System/Risk				
Community Safety	System/Risk				
Land Drainage & Flood Control	System/Risk				
Climate Change	System/Risk				
Parking Permits 2021-22	System/Risk				6
Strategic Housing	System/Risk	1			1
Economic Recovery 21-22	System/Risk				
Waste Treatment Plant	System/Risk				
Neighbourhood Boards	System/Risk		1	4	
Section 106 Agreements 2020-21	System/Risk	3			
Derby Arena Car Parks	System/Risk		1		4
Democratic Services - Impact of Covid 19	Governance/Ethics	2			
Bed & Breakfast Framework	Governance/Ethics	6	1		
Transforming Cities /Mobility Programme	Governance/Ethics				
Rough Sleeping & Foodbanks	Governance/Ethics		1		
Becketwell Project	Governance/Ethics	2			
Former Aida Bliss Site Project	Governance/Ethics		5	1	
SmartParc Project	Governance/Ethics	2	1		
Business Continuity - In Light of Covid 19	Governance/Ethics				
Digital By Default Project	IT Audit				
Digital Workforce - Windows 10 Build	IT Audit	3			5
Domain Password Security 2021-22	IT Audit	3		1	

Derby City Council – Internal Audit Annual Report 2021-22

File Server Migration - Data Security	IT Audit	1			
Microsoft 365 Security	IT Audit	3	1	3	
Boundary Defence	IT Audit			1	8
School Financial Irregularities	Anti-Fraud				
School Whistleblowing - Expenses	Anti-Fraud	2			
Leaver Data Matching	Anti-Fraud	1		2	
Compliance with Grievance Policy	Anti-Fraud				
Contract & Project Audit Assurance	Procurement/Contract				
Contract Management - Data Analytics	Procurement/Contract				
Housing Framework for 16 & 17 Year Olds	Procurement/Contract				
Project Delivery - Fact Finding	Client Support Work				
Procurement Cards 2020/21	Client Support Work				
Leisure & Business Development 2021-22	Client Support Work				
Planning Complaint - Pastures Hill	Client Support Work				
Schools SFVS Self-Assessments 2021-22	Schools				
TOTALS		**59**	**37**	**21**	**37**

Derby City Council - Recommendations Summary

These 154 recommendations have resulted from the 44 audit assigments finalised during 2021-22 or at draft report stage with the recommendations havingbeen accepted. 70% of all recommendations made were considered to present a low risk, with 28% a moderate risk and 2% a significant risk.

Total Recommendations - All DCC Assignments (excl Schools)

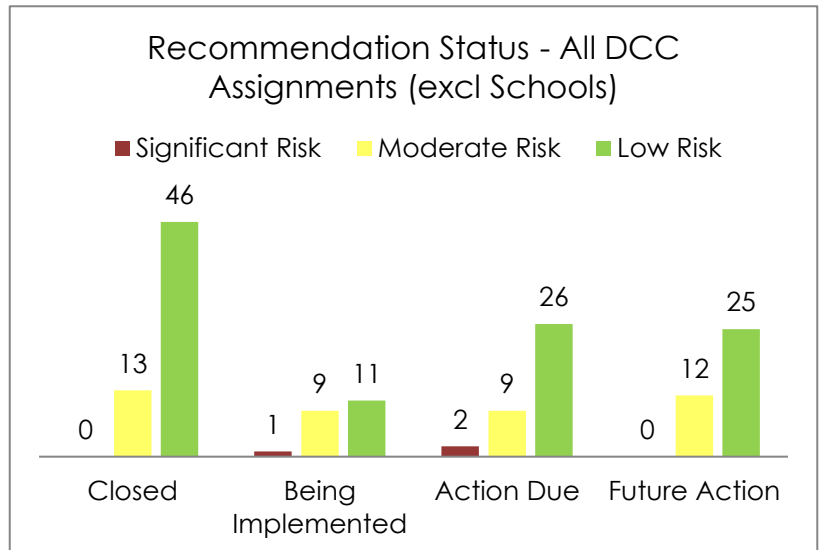- Significant Risk: 3
- Moderate Risk: 43
- Low Risk: 108
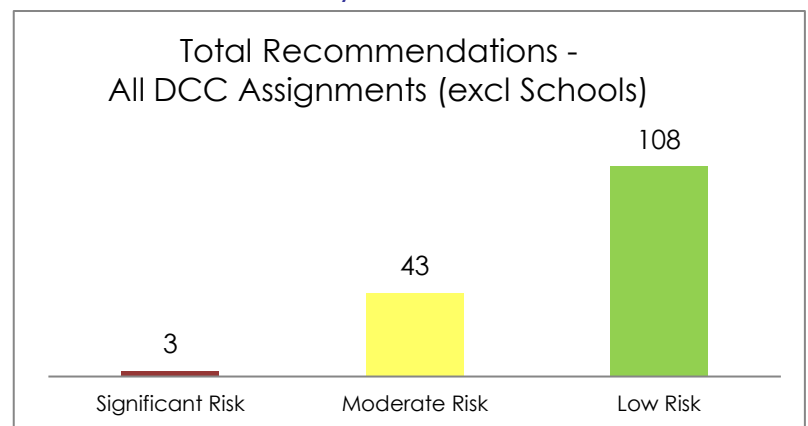
Of the 154 recommendations made, 38% have been closed, 14% have passed their original action date and a revised target has been set, 24% have passed their original action date but we have not yet received information regarding the status of management's action. The remaining 24% have an agreed original action date set in the future. The percentage of recommendations made in the year that have been closed is lower than in 2020/21.

Recommendation Action Status - All DCC Assignments (excl Schools)

- Closed: 59
- Being Implemented: 21
- Action Due: 37
- Future Action: 37
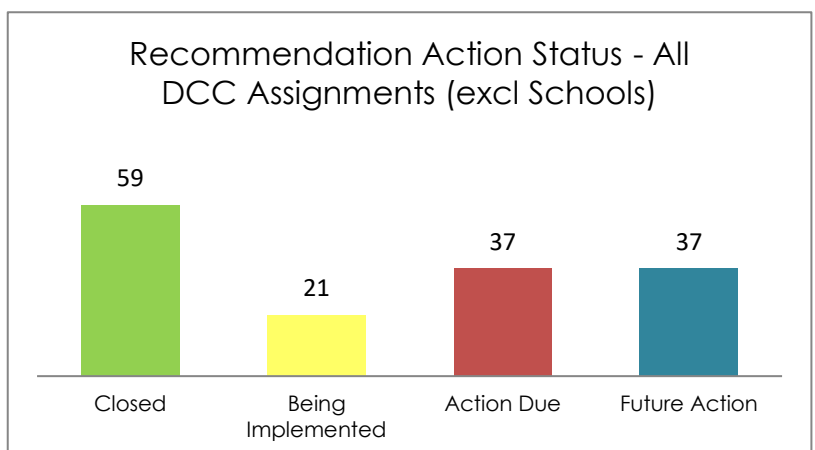
Derby City Council – Internal Audit Annual Report 2021-22

The three significant risk recommendations are still to be implemented. 70% of the Moderate Risk recommendations and 57% of the low risk ones are still to be implemented. We will continue to monitor all recommendations not yet addressed and will bring those significant and moderate risk recommendations that remain outstanding to the attention of the Audit & Governance Committee throughout the coming year.

Recommendation Status - All DCC Assignments (excl Schools)

■ Significant Risk ■ Moderate Risk ■ Low Risk

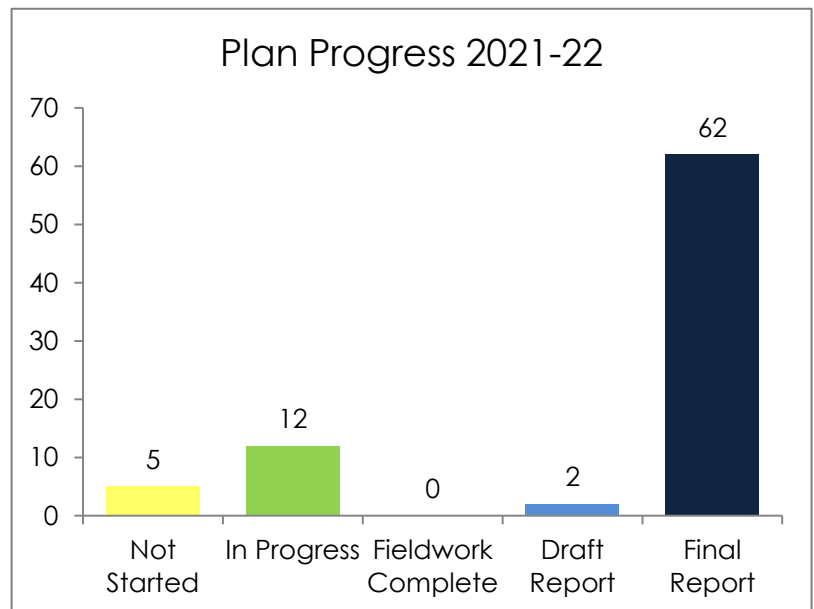|	Significant Risk	Moderate Risk	Low Risk
Closed	0	13	46
Being Implemented	1	9	11
Action Due	2	9	26
Future Action	0	12	25

Performance Measures

Of the 45 customer satisfaction surveys sent, only 44.4% have been returned. Surveys contain 11 questions regarding the audit service provided and asked managers to score each on a scale of 1-5 (1=Very Poor, 2=Poor, 3=Fair, 4=Good, 5=Excellent). From the 20 customer satisfaction returns received, the overall average score out of 55 was 47.9 compared to 49.4 last year.

Customer Satisfaction Returns 2021-22

Excellent	Good	Fair	Poor	Very Poor
13	6	1	0	0

Derby City Council – Internal Audit Annual Report 2021-22

By the end of the 2021-22 financial year we had completed 88.6% of our planned internal audit work. Our benchmark percentage is 90%. There were five audits that we had planned to start that remained at the scoping stage due in the main to:

- key staff being unable to meet with the auditor due to competing priorities.
- insufficent progress having been made in the area to be reviewed necessitating a delay in the audit

Plan Progress 2021-22

Category	Value
Not Started	5
In Progress	12
Fieldwork Complete	0
Draft Report	2
Final Report	62

CMAP central midlands audit partnership

QAIP – Improvement Plan

ACTIONS
1. We should continue to heighten our profile by building on the relationship management already established with each partner organisation. i.e. Regular meetings with Senior Management combined with a regular on-site presence. Note under the current circumstances (Covid pandemic) this needs to be through regular contact via virtual meetings.
2. We should 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. We should continue to promote a culture of continuous improvement which considers the needs of individuals by: • staff completing the AMS in respect of any training received,   • undertaking GPCs in accordance with the hosts requirements and   • producing a Training & Development Plan.
3. We should ask staff to complete a Personal Development Plan and then produce a Training & Development Plan for the Team.
4. We should aim to increase our knowledge around the use of data analytics and other CAATs and identify the benefits it could bring to the audit processes.   • To ensure that audit engagements are supported by appropriate tools, we need to develop a strategy for the use of data analytics.
5. To demonstrate stakeholder engagement with the process, we should ensure that the QAIP Action Plan is a standard agenda item on both the CMAP Operational Group and at Audit Section meetings.
6. To demonstrate each work programme has been appropriately approved, we should seek earlier formal sign off of the control evaluation so we can better demonstrate scrutiny and approval of coverage by audit management.
7. CMAP needs to explore potential external assessors that can deliver the appropriate level of validation required and that understand the partnership ethos/approach.
8. We should continue to develop the process for incorporating other assurance 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 an audit assurance framework for each organisation.
9. We should ensure that our Audit Manual is complete, up-to-date, readily available and used by all audit staff.
10. To support the improvement of the organisation's governance framework, we should undertake consultancy work to facilitate the self-assessment of the effectiveness of the Audit Committee at all partner organisations.
11. We should consider how we could systematically evaluate the potential for the occurrence of fraud at each partner organisation and how each organisation manages fraud risk.
12. To review all CMAP reports to assess compliance with the Web Content Accessibility Guidelines (WCAG).