



central midlands audit partnership

# South Derbyshire DC – Internal Audit Annual Report 2018-19

Audit Sub-Committee: 29<sup>th</sup> May 2019



South Derbyshire  
District Council



## Contents Page

Introduction	3
Audit Opinion 2017-18	7
Audit Coverage	12
Performance Measures	18

## 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](mailto: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](mailto: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](mailto:mandy.marples@centralmidlandsaudit.co.uk)



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 Adrian Manifold, Audit Manager.

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)."*

### 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.



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

## South Derbyshire DC – Internal Audit Annual Report 2018-19

---

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.

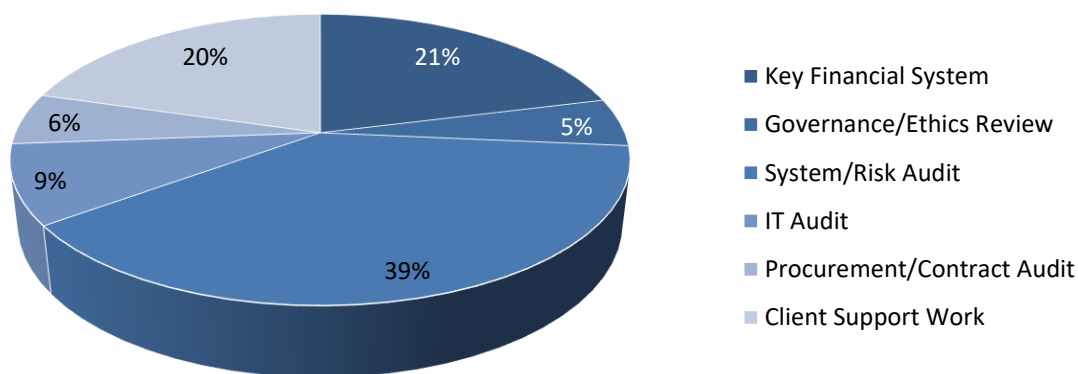
## Audit Opinion 2018-19

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

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

- The level of coverage provided by Internal Audit was considered adequate.
- 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 Sub-Committee.
- No adverse implications for the Authority's Annual Governance Statement have been identified from any of the work that Internal Audit has undertaken in 2018-19.
- The 2018-19 Internal audit plan, approved by the Audit Sub-Committee, 21<sup>st</sup> 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 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.

### Audit Plan 2018-19 per Type of Audit





## South Derbyshire DC – Internal Audit Annual Report 2018-19

2018-19 Jobs	Status	% Complete	Assurance Rating
Information Governance	In Progress	45%	
Treasury Management 2018-19	Final Report	100%	Comprehensive
Insurance 2018-19	Final Report	100%	Reasonable
Capital Programme	Allocated	0%	
Payroll 2018-19	Draft Report	95%	Reasonable *
Creditors 2018-19	Final Report	100%	Reasonable
Revenue Systems 2018-19	Final Report	100%	Comprehensive
Housing Benefit & Council Tax Support 2018-19	Final Report	100%	Comprehensive
PCI Compliance	Final Report	100%	Reasonable
Orchard IT Application	Final Report	100%	Limited
File Server Security	Final Report	100%	Reasonable
Waste Management	Final Report	100%	Comprehensive
Fleet Management	Final Report	100%	Comprehensive
Street Cleansing	Final Report	100%	Comprehensive
Section 106 Agreements	Final Report	100%	Reasonable
Development Control	Allocated	5%	
Pollution Control	Final Report	100%	Comprehensive
Food Safety	Final Report	100%	Reasonable
Active Communities & Health	Allocated	10%	
Rosliston Forestry Centre	Draft Report	95%	Comprehensive *
Planned & Responsive Maint. - Public Buildings	In Progress	40%	
Housing Safety Inspections	Fieldwork Complete	80%	Limited *
Allocations & Homelessness	Final Report	100%	Reasonable
Sheltered Housing / Careline	Final Report	100%	Reasonable
Community Safety Partnership	In Progress	75%	
Corporate Governance	Fieldwork Complete	90%	Reasonable *

**\* Assurance ratings yet to be finalised**

2017-18 Jobs B/fwd	Status	% Complete	Assurance Rating
Risk Management	Job Complete	100%	N/A
Organisational Culture & Ethics	Final Report	100%	Reasonable
Council Tax 2017-18	Final Report	100%	Comprehensive
NDR 2017-18	Final Report	100%	Comprehensive
Housing Benefit & Council Tax Support 2017-18	Final Report	100%	Comprehensive
Payroll 2017-18	Final Report	100%	Reasonable
Express Electoral System Security Assessment	Final Report	100%	Reasonable
Sharpes Pottery	Final Report	100%	Comprehensive
New Build / Affordable Housing	Final Report	100%	Comprehensive
Licensing 2017-18	Final Report	100%	Comprehensive
Health & Safety	Final Report	100%	Reasonable
Safeguarding	Final Report	100%	Reasonable
Followup of Whistleblowing Recommendations	Final Report	100%	Reasonable

- Of the 33 substantially completed assignments, 30 attracted either a 'Comprehensive' or 'Reasonable' assurance rating. Two Audit assignments were given a 'Limited' assurance rating. The remaining piece of consultancy work on Risk Management could not be assigned an assurance rating due to the nature of the review. From the completed assignments a total of 142



## South Derbyshire DC – Internal Audit Annual Report 2018-19

---

recommendations were made; 121 of these were considered to present a low risk; 18 were considered to present a moderate risk; with the remaining 3 presenting a significant risk; no critical risk recommendations were made.

- Of the 10 **Key Financial System** audits undertaken in 2018-19, 9 were finalised and attracted either a Comprehensive or Reasonable overall assurance rating. The 1 remaining was substantially completed and was provisionally given a Reasonable overall assurance rating. These audit assignments identified 32 recommendations, 28 of which were classified as low risk; 2 were a moderate risk and 2 were considered a significant risk.
  - One **significant risk** arose from an inadequate separation of duties relating to the setting up of new starters in Payroll which was first identified in the Payroll 2017-18 audit. This issue was revisited in a follow-up Payroll audit in 2018-19 and the recommended changes to access controls had still not been actioned; compensating controls had been introduced, but control weakness still remained.
  - The other **significant risk** issue came from the Creditors 2018-19 audit, along with one of the moderate risk issues. Both issues again related to an inadequate separation of duties regarding setting up new suppliers, changing bank account details and making payments. I am pleased to note that both these issues have already been addressed to our satisfaction.
  - The remaining moderate risk identified during the Insurance audit has been resolved.
- Of the 15 **System/Risk** audits undertaken in 2018-19, 10 were finalised and attracted either a Comprehensive or a Reasonable overall assurance rating. Of the remaining 5 audits, 2 were substantially completed; one of which has been provisionally given a Comprehensive overall assurance rating, whereas the Housing Safety Inspections audit has been provisionally given a '**Limited**' overall assurance rating (see below). The 3 remaining assignments were still in progress.

A total of 47 recommendations were made; 4 of which are considered to present a moderate risk; the remaining 43 were judged as low risk. The moderate risk recommendation arising from the Section 106 Agreements review has a future action date; the two arising from the Allocations & Homelessness audit have both now been implemented. The remaining moderate risk arising from the Sheltered Housing/Careline audit has now also been appropriately addressed.

- The Housing Safety Inspections audit is substantially complete and has attracted a provisional assurance rating of '**Limited**'. This rating is due to the identification of an issue that has been initially assessed as a **significant risk** and concerned action points identified in Fire Risk Assessments dating from 2016 and 2017 that had still not been addressed. This audit assignment had also identified a number of

## South Derbyshire DC – Internal Audit Annual Report 2018-19

moderate risk recommendations. Management has not yet had the opportunity to respond formally to these findings, as such these risk and assurance ratings are still subject to change.

- Of the 6 **Governance/Ethics** audits undertaken during 2018-19, 4 have been finalised, 1 is substantially complete and the remaining audit is still in progress. Of the 5 finalised and substantially complete assignments, 4 were judged as Reasonable and resulted in 17 recommendations; 2 of which were considered to represent a moderate risk. One of these moderate risk recommendations came from the Organisational Culture & Ethics assignment which has passed its original action date and management have suggested another action date in the future. The other moderate risk came from the Health & Safety audit and it has now been addressed to our satisfaction.
    - The Risk Management review which compared the Council's Risk Management Framework against the Association of Local Authority Risk Managers (Alarm) national performance model for risk management in public services was a piece of consultancy work which wasn't intended to give an overall assurance rating and no formal recommendations were made. Though the following table shows the improvement against the performance model between our initial assessment and our final assessment.
- | Ratings          | Number of instances in original assessment | Number of instances in revised assessment |
|------------------|--|---|
| Weakness         | 9  | 1   |
| Partial Weakness | 17   | 12  |
| Adequate         | 12   | 25  |
- The Corporate Governance audit is substantially complete and has attracted a Reasonable assurance rating. Although Management has not yet had the opportunity to respond formally to these findings, as such this assurance rating is still subject to change.
  - The 4 **IT Audits** were all completed during 2018-19. The Orchard IT Application attracted an overall assurance rating of '**Limited**' whereas the other 3 all attained a 'Reasonable' rating. In all, these audits raised 41 recommendations; 31 of which were considered low risk; 9 were considered a moderate risk and the remaining 1 was considered to represent a **significant risk**. The significant risk, regarding postal voter's personal and sensitive information being submitted over an unsecure unencrypted protocol on the Council's website, was addressed to our satisfaction by the end of the audit. Of the 9 moderate risks, 3 have been implemented, 4 have future action dates and 2 have passed their original action date and management have suggested another action date in the near future.
  - Of the 4 **Procurement/Contract** audits, 2 finalised during 2018-19 attracted an overall assurance rating of 'Comprehensive' and Reasonable. Another 2 audits are still in progress. Only 1 low risk recommendation has been made to date which has been implemented to our satisfaction.

## South Derbyshire DC – Internal Audit Annual Report 2018-19

---

- We are pleased to report that the follow up of the recommendations arising from the previous year's Whistleblowing investigations and subsequent work have all now been implemented to our satisfaction.

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.

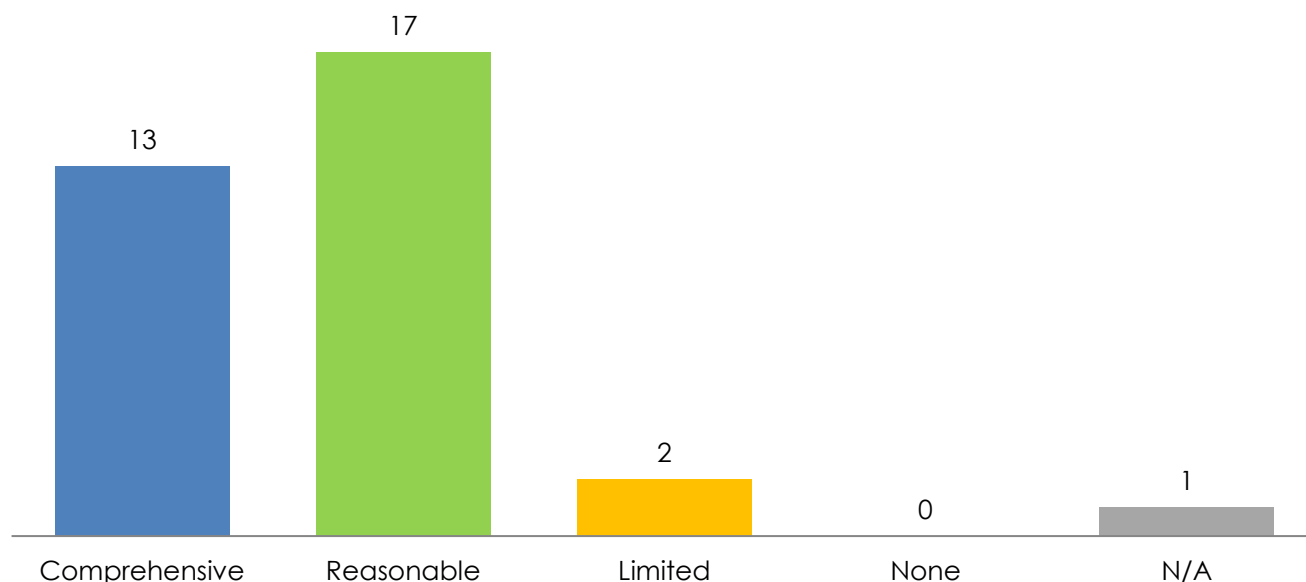
## Audit Coverage

### Assurances Provided

The following table seeks to summarise the extent of audit coverage provided to South Derbyshire District 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	Anti- Fraud	Procurement /Contract	
Not Yet Complete		3	1			2	6
Comprehensive	6	6				1	13
Reasonable	4	5	4	3		1	17
Limited		1		1			2
None							0
N/A			1				1
	10	15	6	4		4	39

### Assurances Provided 2018-19



### 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.

## South Derbyshire DC – Internal Audit Annual Report 2018-19

---

**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.

## South Derbyshire DC – Internal Audit Annual Report 2018-19

## 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 2018-19	Comprehensive				2	100%
Insurance 2018-19	Reasonable			1	1	100%
Payroll 2018-19	Reasonable *					n/a
Creditors 2018-19	Reasonable		1	1	4	50%
Revenue Systems 2018-19	Comprehensive				4	0%
Housing Benefit & Council Tax Support 2018-19	Comprehensive				2	0%
Council Tax 2017-18	Comprehensive				2	0%
NDR 2017-18	Comprehensive				3	67%
Housing Benefit & Council Tax Support 2017-18	Comprehensive				1	100%
Payroll 2017-18	Reasonable		1		9	90%
Waste Management 2018-19	Comprehensive				2	100%
Fleet Management	Comprehensive				8	50%
Street Cleansing 2018-19	Comprehensive				2	50%
Section 106 Agreements 2018-19	Reasonable			1	4	40%
Development Control						n/a
Pollution Control 2018-19	Comprehensive				2	100%
Food Safety 2018-19	Reasonable			1	3	0%
Active Communities & Health						n/a
Rosliston Forestry Centre 2018-19	Comprehensive *					n/a
Housing Safety Inspections	Limited *					n/a
Allocations & Homelessness 2018-19	Reasonable			2	9	73%
Sheltered Housing / Careline	Reasonable			1	7	38%
Community Safety Partnership 2018-19						n/a
Sharpes Pottery	Comprehensive				5	80%
Licensing 2017-18	Comprehensive				4	100%
Information Governance						n/a
Corporate Governance 2018-19	Reasonable *					n/a
Risk Management	N/A					n/a
Organisational Culture & Ethics	Reasonable			1	3	75%
Health & Safety	Reasonable			1	4	60%
Safeguarding	Reasonable				8	88%
PCI Compliance 2018-19	Reasonable			1	7	25%
Orchard IT Application	Limited			3	15	6%
File Server Security	Reasonable			4	5	44%
Express Electoral System Security Assessment	Reasonable		1	1	4	100%
Capital Programme						n/a
Planned & Responsive Maint. - Public Buildings						n/a
New Build / Affordable Housing	Comprehensive				1	100%
Followup of Whistleblowing Recommendations	Reasonable					n/a
<b>TOTALS</b>			<b>3</b>	<b>18</b>	<b>121</b>	<b>54%</b>

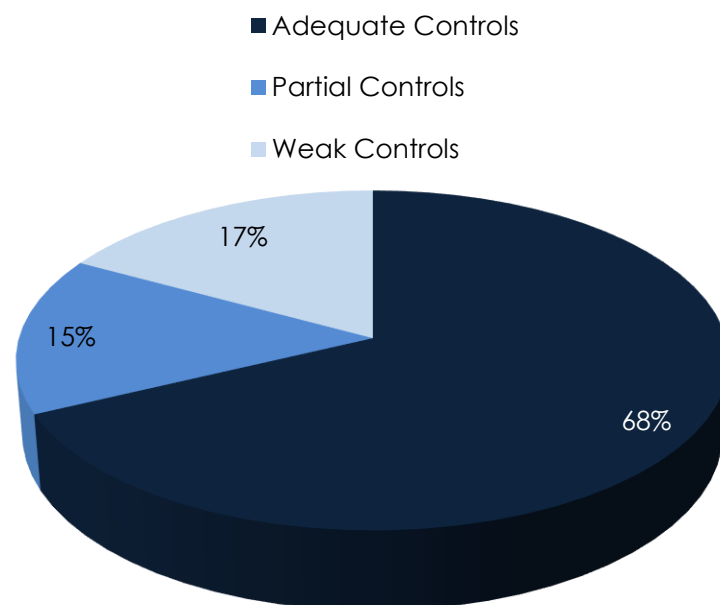
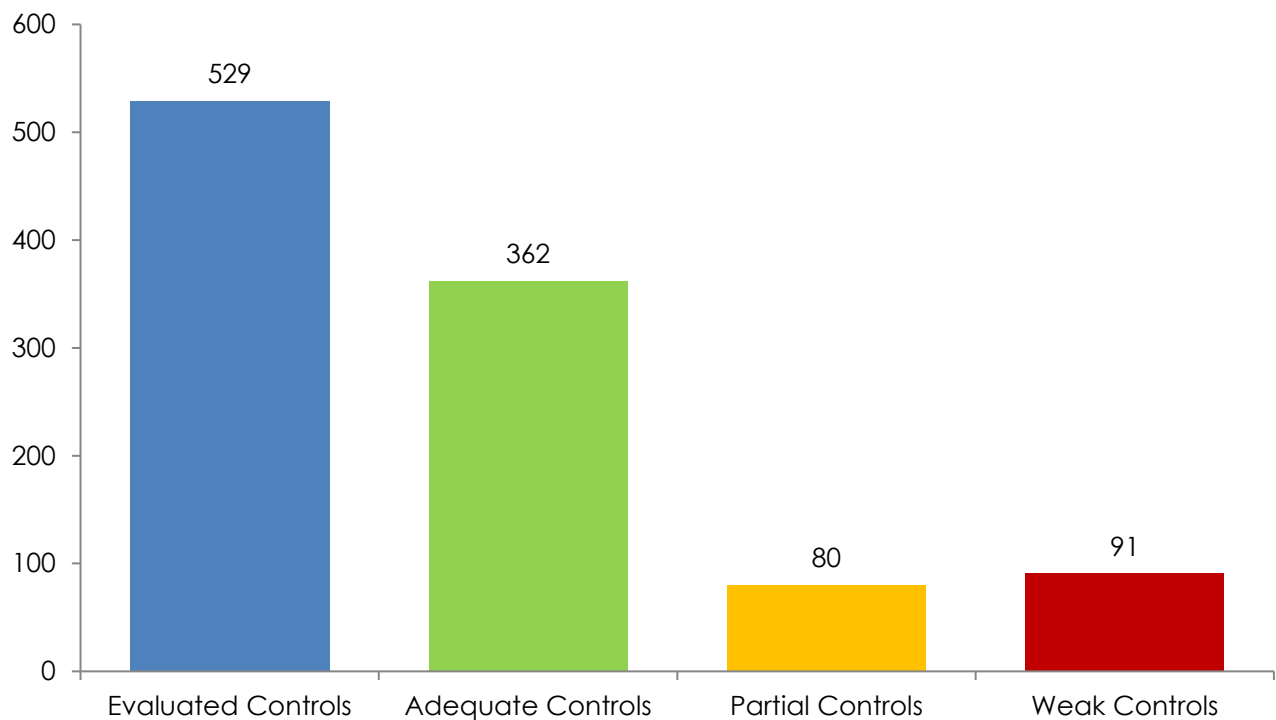
\* Assurance ratings yet to be finalised

## South Derbyshire DC – Internal Audit Annual Report 2018-19

### Internal Controls Examined

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

#### South Derbyshire DC 2018-19





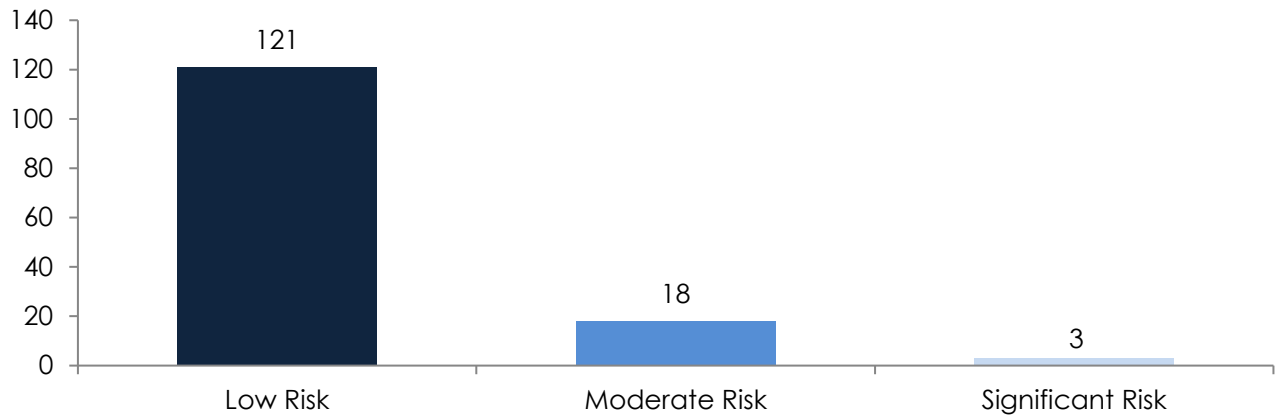
## South Derbyshire DC – Internal Audit Annual Report 2018-19

## Recommendations Made

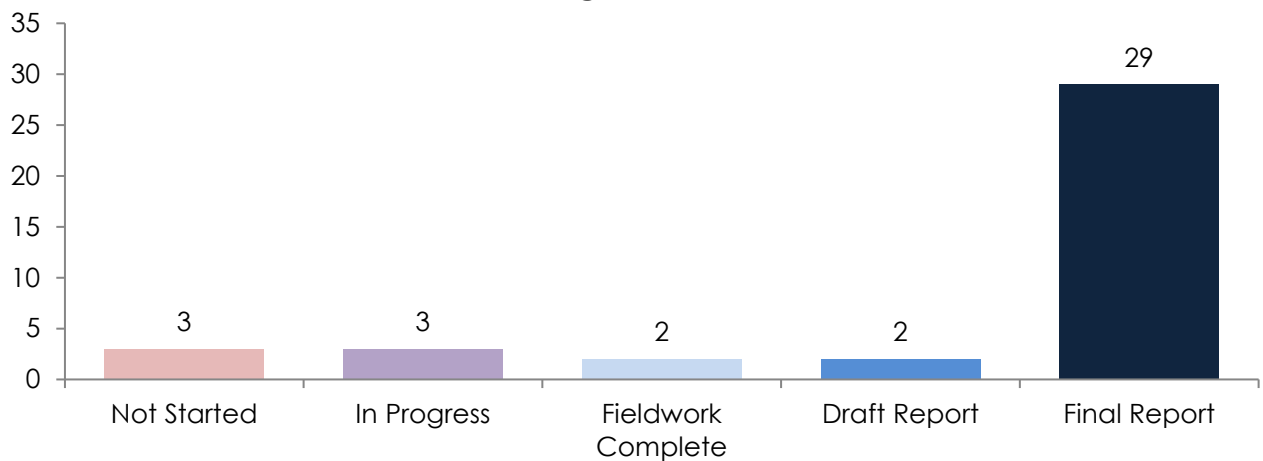
The control weaknesses identified above resulted in 136 recommendations which suggested actions for control improvements. The following table and charts show where the recommendations came from, how the recommendations were risk rated and the current status of all recommendations made in 2018-19:

Audit Assignments	Type of Review	Recommendations Status			
		Total Closed	Action Due	Being Implemented	Future Action
Treasury Management 2018-19	Key Financial System	2			
Insurance 2018-19	Key Financial System	2			
Payroll 2018-19	Key Financial System				
Creditors 2018-19	Key Financial System	3			3
Revenue Systems 2018-19	Key Financial System				4
Housing Benefit & Council Tax Support 2018-19	Key Financial System				2
Council Tax 2017-18	Key Financial System			2	
NDR 2017-18	Key Financial System	2		1	
Housing Benefit & Council Tax Support 2017-18	Key Financial System	1			
Payroll 2017-18	Key Financial System	9			1
Waste Management 2018-19	System/Risk	2			
Fleet Management	System/Risk	4			4
Street Cleansing 2018-19	System/Risk	1		1	
Section 106 Agreements 2018-19	System/Risk	2		2	1
Development Control	System/Risk				
Pollution Control 2018-19	System/Risk	2			
Food Safety 2018-19	System/Risk				4
Active Communities & Health	System/Risk				
Rosliston Forestry Centre 2018-19	System/Risk				
Housing Safety Inspections	System/Risk				
Allocations & Homelessness 2018-19	System/Risk	8			3
Sheltered Housing / Careline	System/Risk	3		3	2
Community Safety Partnership 2018-19	System/Risk				
Sharpes Pottery	System/Risk	4		1	
Licensing 2017-18	System/Risk	4			
Information Governance	Governance/Ethics				
Corporate Governance 2018-19	Governance/Ethics				
Risk Management	Governance/Ethics				
Organisational Culture & Ethics	Governance/Ethics	3		1	
Health & Safety	Governance/Ethics	3			2
Safeguarding	Governance/Ethics	7		1	
PCI Compliance 2018-19	IT Audit	2		2	4
Orchard IT Application	IT Audit	1		2	15
File Server Security	IT Audit	4			5
Express Electoral System Security Assessment	IT Audit	6			
Capital Programme	Procurement/Contract				
Planned & Responsive Maint. - Public Buildings	Procurement/Contract				
New Build / Affordable Housing	Procurement/Contract	1			
Followup of Whistleblowing Recommendations	Procurement/Contract				
<b>TOTALS</b>		<b>76</b>		<b>16</b>	<b>50</b>

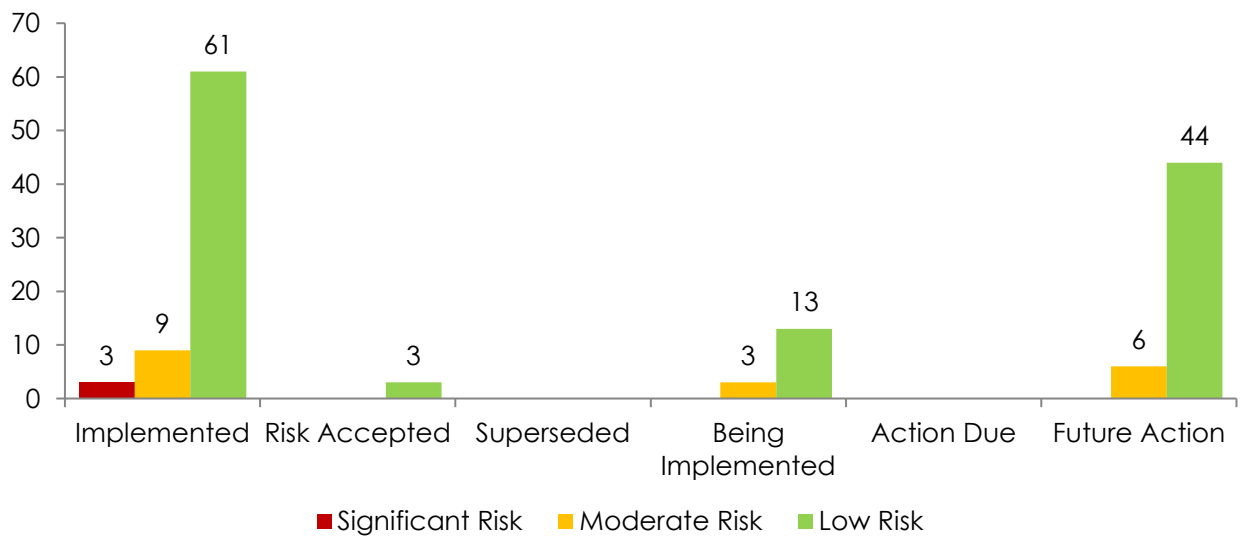
### Recommendations Made 2018-19



### Plan Progress 2018-19

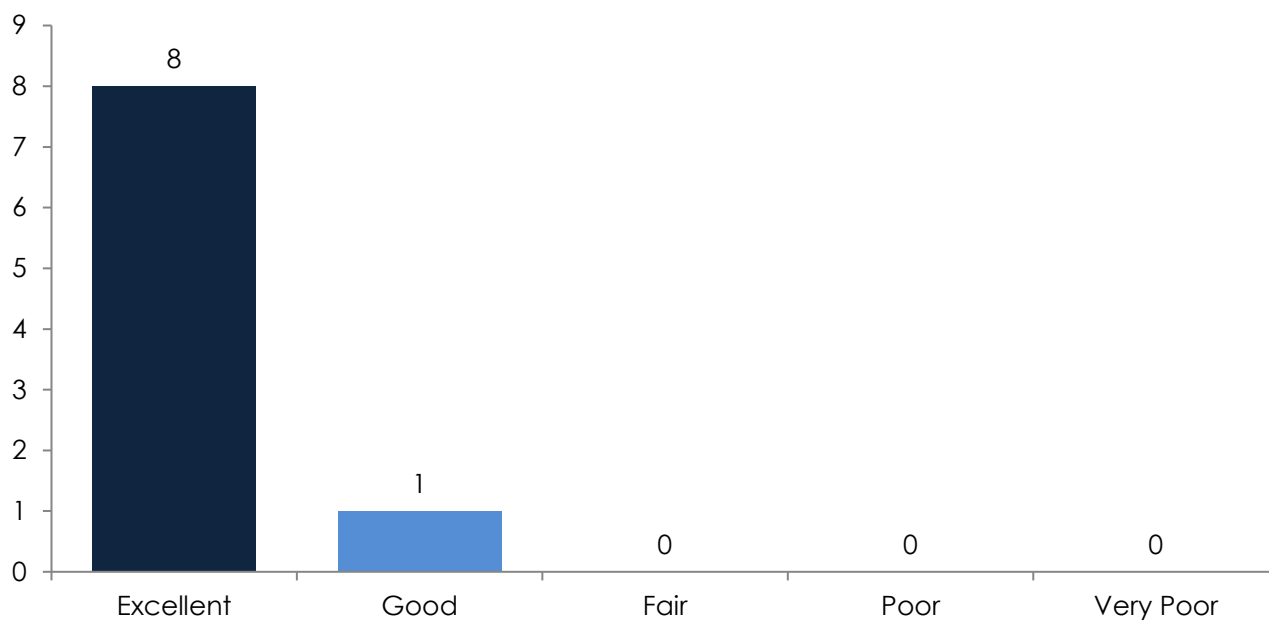


### 2018-19 Recommendations Status

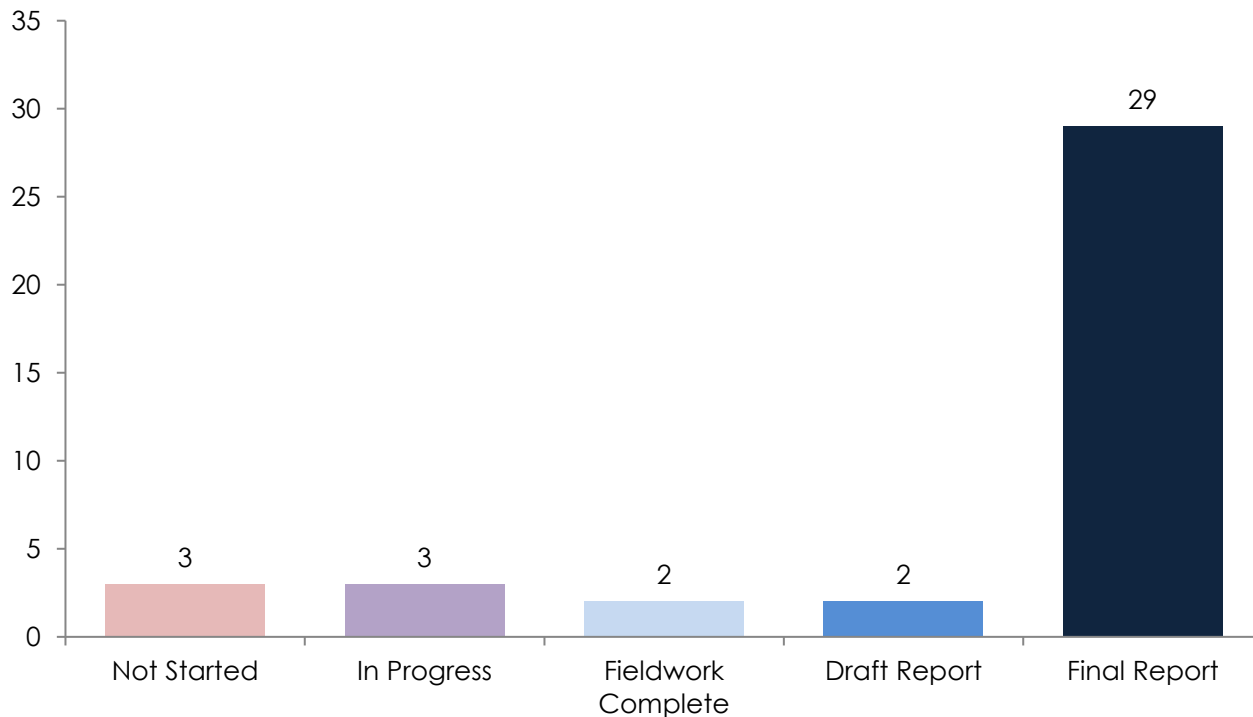


## Performance Measures

### Customer Satisfaction Returns 2018-19



### Plan Progress 2018-19



## 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.

## South Derbyshire DC – Internal Audit Annual Report 2018-19

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.