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Our Ref
Your Ref

Date: 30th November 2021

Dear Councillor,

Audit-Sub Committee

A Meeting of the **Audit-Sub Committee** will be held at **Council Chamber**, Civic Offices, Civic Way, Swadlincote on **Wednesday, 08 December 2021** at **16:00**. You are requested to attend.

Yours faithfully,

Chief Executive

Labour Group

Councillor Dunn (Chair) and Councillor Shepherd (Vice-Chair).

Conservative Group

Councillors Atkin and Ford.

Independent

Councillor MacPherson.



AGENDA

Open to Public and Press

- 1 Apologies.
- 2 To receive the Open Minutes of the following Sub-committee Meetings:

13th July 2020	4 - 9
29th July 2020	10 - 13
16th September 2020	14 - 17
9th December 2020	18 - 21
24th March 2021	22 - 24
- 3 To note any declarations of interest arising from any items on the Agenda
- 4 To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 5 To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 6 INTERNAL AUDIT PROGRESS REPORT **25 - 53**
- 7 LOCAL CODE OF CORPORATE GOVERNANCE REVIEW **54 - 64**
- 8 DRAFT ANNUAL GOVERNANCE STATEMENT 2020-21 - UPDATE **65 - 76**
- 9 APPOINTMENT OF AN EXTERNAL AUDITOR 2023-24 TO 2027-28 **77 - 81**
- 10 DATA QUALITY & PERFORMANCE MANAGEMENT **82 - 94**

Exclusion of the Public and Press:

12 The Chairman may therefore move:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

13 To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.

AUDIT SUB-COMMITTEE

13th July 2020

PRESENT:-

Conservative Group

Councillors Atkin (Chairman), Churchill (Vice-Chairman) and Mrs. Wheelton.

Labour Group

Councillors Dunn and Shepherd.

AS/01 **APOLOGIES**

The Sub-Committee was informed that no Members had submitted apologies.

AS/02 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/03 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/04 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED

AS/05 **EXTERNAL AUDIT PLANNING REPORT FOR THE YEAR ENDING 31ST MARCH 2020**

The External Auditor presented the report and advised Members of the strategy, which focused on changes due to Covid-19 and set out the risk areas for the year.

The Sub-Committee raised points regarding the actuary value of the pension scheme and asked if a report would be provided on this issue. The External Auditor advised Members that there would be no specific report on pension

balances as it would form part of the Audit Results Report due to be brought to the Committee at a later date.

The Chairman asked how value for money would be considered by the External Auditor during the Covid-19 pandemic and raised a query regarding the timeline for the Audit Results Annual Report. The External Auditor informed Members that considerations in relation to value for money were laid out in Guidance issued by the National Audit Office which had been updated to take into consideration the impact of Covid-19 for 2020/21. The External Auditor explained that they were on course to deliver the Annual Report in November 2020.

RESOLVED:

Members considered and approved the proposed Audit Plan for the year ending 31st March 2020.

Abstention: Councillor Shepherd.

AS/06 **PROPOSED INTERNAL AUDIT PLAN 2020/21**

The Internal Audit Manager presented the report giving an overview of its content setting out the plan for the year and identified the risk areas to be looked at, highlighting the Audit Charter agreement with Council which had not changed since last year

The Sub-Committee raised questions regarding the flexibility of timelines given the unknown quantity of COVID-19 and sought clarity of how risks were calculated. The Internal Audit Manager confirmed that the focus was on current risks and that revisions of coverage would be adopted if a second wave of COVID-19 occurred.

The Chairman raised queries regarding risk assessments and the relationship between the Internal and External Auditors. The Internal Audit Manager clarified that experience and understanding of the Council's systems, a vast knowledge base of other authorities, research of Committee Reports, regular meetings with the 151 Officer and consultation work are all considered when putting together risk assessments. Members were also informed that there was liaison between the Internal and External Auditors, sharing knowledge and identified risks.

RESOLVED:

The Sub-Committee considered and approved that the proposed Internal Audit Plan for 2020/21 be implemented

AS/ 07 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Officer presented the 2019/20 report up until 31st March 2020, highlighting the internal audits, risks, implemented recommendations and assurance ratings.

The Chairman asked about the impact of COVID-19 delaying the implementation of recommendations. The Internal Auditor advised that in absence of Committees sitting since the lockdown began it had been difficult where policy had been attached to recommendations

Councillor Churchill raised queries regarding improvement grants and the lack of implemented recommendations. The Head of Housing informed Members that the recommendations were presented to Housing and Community Services Committee for approval and that the Housing Team had worked on the recommendations, providing updates to the Internal Auditor on a monthly basis.

The Internal Audit Officer presented the 2020-21 Audit Plan Progress Report, to Committee from 31st March 2020 highlighting the three Audits undertaken, outstanding recommendations and the change in terminology explained at the rear of the report.

The Sub-Committee asked for updated positions regarding outstanding red recommendations and sought clarity regarding training. The Strategic Director (Corporate Resources) confirmed that training would be carried out remotely and added that PCI compliance training in relation to over the phone card payments had been delayed as an external facilitator was required to visit the contact centre to formulate a training plan, therefore it was not possible to update the recommendation.

The Internal Audit Manager advised that red outstanding recommendations which included two for Right To Buy, of which one had an implementation date of the 31st July 2020 and the second recommendation was delayed due to a process map required to ascertain what was to be procured. The housing safety inspections recommendation had a revised date of the 31st July and the rent accounting recommendation required a new process to be put in place which was awaiting Committee approval.

RESOLVED:

Members considered the report of the Audit Manager and did not identify that any issues needed be referred to the Finance and Management Committee or be subject to a follow-up report.

AS/ 08 **LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING: QUARTER 1 MARCH 2020**

The External Auditor presented the report and directed Members to the questions for consideration regarding the future funding and sustainability of public sector audit.

Councillor Dunn enquired if Officers had addressed the key questions noted by the External Auditor. The Strategic Director (Corporate Resources) informed the Committee that the questions had been addressed.

RESOLVED:

The Sub-Committee considered the key questions highlighted by the Council's External Auditors contained in their latest sector update.

AS/ 09 **THE ROLE AND RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER IN LOCAL GOVERNMENT**

The Strategic Director (Corporate Resources) advised the Sub-Committee that the report was a new requirement under the Financial Management Code, that set out the five principles that an authority and Section 151 Officer must adhere to, to ensure the financial position of the Council remained sound and finances were properly controlled. The Strategic Director (Corporate Resources) explained the role and requirements of the Section 151 Officer.

RESOLVED:

Members considered and noted the Council's compliance with the Statement on the role and responsibilities of the Chief Finance Officer as detailed in the report.

AS/ 10 **THE CIPFA FINANCIAL MANAGEMENT CODE**

The Strategic Director (Corporate Resources) presented the report to the Sub-Committee explaining the new requirement for authorities to comply to 17 standards regarding financial management, which would be implemented as of April 2021. The Strategic Director (Corporate Resources) pointed out that the Council fully complied with 13 standards and that one of the remaining standards regarding a value for money statement, was being worked on and a report would go to the Finance and Management Committee soon. The Strategic Director (Corporate Resources) explained that another standard regarding good Governance and compliance with the Nolan Principles of Public life required a piece of work to evidence that the Council does comply but highlighted that the Council did not comply with the standard relating to

consultation on the medium term financial plans and requested that Members gave it consideration.

Members raised queries regarding the level of consultation required, the Strategic Director (Corporate Resources) informed Members that was an individual council's choice regarding the level of consultation involved.

RESOLVED:

Members considered and noted the Council's compliance with the Financial Management Code as detailed in the report

AS/ 11 **ANNUAL REPORT OF AGREED PROCEDURES 2018/19**

The External Auditor presented the report to the Sub-Committee, highlighting additional work carried out for the Council by the External Auditor relating to grant claims.

RESOLVED:-

The Sub-Committee considered the Auditor's Report for 2018/19 and approved future arrangements, together with management actions, to ensure Housing Benefit claims are processed accurately.

AS/ 12 **PROPOSED EXTERNAL AUDIT FEE 2019/20**

The Strategic Director (Corporate Resources) introduced the report and informed the Sub-Committee about the current debate concerning the level of audit fees and whether these would be sustainable for audit to deliver the service and provide opinions to local authorities.

The External Auditor appreciated the willingness of the Council to discuss the subject and explained that because the Public Sector Audit Appointments did not have enough information to set scale fees in the current environment it requested that auditor firms engage individual authorities regarding the increase in audit fees.

RESOLVED:-

1.1 Members did not agree to increasing the Annual Audit Fee, payable to the Council's External Auditor, as detailed in the Report.

1.2 Members did agree to remain engaged with changes at national level.

Councillors Dunn and Shepherd voted against the increase.

AS/13 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the Work Programme to the Sub-Committee

RESOLVED:

Members considered and approved the updated work programme.

AS/14 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

AS/15 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 6.20pm.

COUNCILLOR ATKIN

CHAIRMAN

AUDIT SUB-COMMITTEE

29th July 2020

PRESENT:-

Conservative Group

Councillors Atkin (Chairman), Churchill (Vice-Chairman) and Mrs. Wheelton.

Labour Group

Councillors Dunn and Shepherd.

AS/16 **APOLOGIES**

The Sub-Committee was informed that no Members had submitted apologies.

AS/17 **TO RECEIVE THE OPEN MINUTES**

RESOLVED:-

The Open Minutes of the Meeting held on 11th December 2021 were taken as read, approved as a true record.

AS/18 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/19 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/20 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED

AS/21 **INTERNAL AUDIT ANNUAL REPORT 2019-2020**

The Internal Audit Manager presented the report based work undertaken during 2020 and outlined the key updates to the plan and gave a summary of the Audit

Opinion. The Sub-Committee was advised that good progress had been made even with the impact of Covid-19.

Members raised questions about the low response from Heads of Service to the customer satisfaction surveys, the ability of IT to respond to audit questions and requested that Heads of Service attend the Sub-Committee where there were missing responses to recommendations, communications in respect of a recent court case involving the Council and enquired about an update to the mobile phone audit.

The Internal Audit Manager advised Members that surveys were issued to capture any service issues, in the absence of a completed survey it would be assumed that there are no issues to be reported. The Internal Audit Manager confirmed that the IT audit was conducted with consideration to current business requirements in the team.

The Strategic Director (Corporate Resources) confirmed that Heads of Service would be encouraged to respond to the Internal Audit Manager's requests for updates and where no response had been provided for the report the Head of Service would be required to attend the Sub-Committee to provide an update.

The Strategic Director (Corporate Resources) updated the Sub-Committee of regarding the Mobile Phone Audit and confirmed that IT recommendation would be completed after a system upgrade.

Members requested that periodic refresher training be considered, for which the Strategic Director (Corporate Resources) advised that training would be arranged.

RESOLVED:-

- 1.1 *The Sub-Committee considered and noted the Annual Internal Audit Opinion for 2019/20.***
- 1.2 *The Sub-Committee agreed that where there was no response to an outstanding action in the Internal Audit Report the Head of Service responsible for the action would attend the Sub-Committee to provide an update.***

AS/22 **LOCAL CODE OF CORPORATE GOVERNANCE REVIEW**

The Strategic Director (Corporate Services) presented the report to the Sub-Committee detailing the principles, activities to be undertaken and ongoing actions for the next twelve months including a review of the Risk Management Framework.

RESOLVED:-

- 1.1 ***That the updated Local Code of Corporate Governance as detailed in Appendix 1 of the report was considered and approved by the Sub-Committee for publication in the Annual Governance Statement.***
- 1.2 ***The Sub-Committee approved the progress regarding on-going work to maintain good governance as detailed in the report.***

AS/23 **ANNUAL GOVERNANCE STATEMENT 2019-20**

The Strategic Director (Corporate Resources) presented the report and highlighted the new format and advised Members that there were some final adjustments to be made to the report which would be signed off after the Audit and that the statement would become a stand-alone document to be presented alongside the Statement of Accounts.

RESOLVED:-

- 1.1 ***The Sub-Committee recommended to the Finance and Management Committee the Annual Governance Statement (AGS) for the year ended 31 March 2020.***
- 1.2 ***The Sub-Committee authorised the Leader of the Council and Chief Executive Officer to sign the Annual Governance Statement following Audit.***

AS/24 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the report to Members.

RESOLVED:-

Members considered and approved the updated work programme.

AS/25 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed

exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

AS/26 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 5.15pm.

COUNCILLOR ATKIN

CHAIRMAN

AUDIT SUB-COMMITTEE

16th September 2020

PRESENT:-

Conservative Group

Councillors Atkin (Chairman), Churchill (Vice-Chairman) and Mrs. Wheelton

Labour Group

Councillors Dunn and Shepherd.

AS/27 **APOLOGIES**

The Sub-Committee was informed that no Members had submitted apologies.

AS/28 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/29 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/30 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED

AS/31 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Officer presented the report and informed the Sub-Committee of progress highlighted salient points from the Audit Dashboard. The Internal Audit Officer asked the Sub-Committee to take into consideration the low-risk recommendations, the Audit Plan and the customer satisfaction surveys from the last twelve months that had returned a rating of excellent.

Members raised queries regarding the storage of the Registers of Graves and Burials, the status of the digitalisation of all historic Burial records and requested updates on the Payroll Shared Service recommendation, Officer's allowances and the impact of the Fleet Management recommendation.

The Internal Audit Officer informed the Sub-Committee that the registers had been kept in the Strong Room at the Civic Offices and some registers were found in a locked cupboard in the Cultural Services office. The Head of Cultural and Community Services advised Members that a portable fireproof storage box would be provided for transportation purposes of Registers and that the Council had applied for funding to enable all historic Burial records to be digitalised.

The Strategic Director (Corporate Resources) confirmed that the Payroll was managed in-house and that there was a project to look at moving Payroll into a Shared Service and a report would be submitted to the Finance and Management Committee regarding this. Members were advised that Officer allowances were related to terms and conditions within contracts of employment and that there were no immediate plans for a review. The Fleet Management e processes ensured drivers were required to submit a signed statement that their documentation was current and valid.

RESOLVED:-

The report of the Audit Manager was considered, and any issues identified to be referred to the Finance and Management Committee or be subject to a follow-up report as appropriate.

AS/32

2020-21 ANTI FRAUD & CORRUPTION & COUNTER FRAUD PARTNERSHIP PERFORMANCE UPDATE & AGREEMENT

The Head of Customer Services presented the report to Members highlighting the value for money savings of the partnership.

Members enquired about the savings for South Derbyshire and whether the level of resource was sufficient. The Head of Customer Services explained that the cashable savings would be returned to South Derbyshire and that the partnership had not indicated that there was a shortage of resource.

RESOLVED:-

- 1.1 That the Sub-Committee noted the performance of the Counter Fraud Partnership with Derby City Council, as per Appendix 1 of the report and the cashable and value for money savings that had been delivered since 2017.***
- 1.2 That the Sub-Committee approved that the Counter Fraud Partnership be continued for 2020-2021 and approved the***

Council's proposed Anti-Fraud and Corruption Action Plan as per Appendix 2 of the report that directed the work of the partnership.

- 1.3** ***That the Sub-Committee noted that during 2020-2021 the Council would undertake a review of the emerging areas of focus the fraud action plan needed to incorporate in future years, for example insurance fraud, procurement fraud and payroll fraud. The plan created for 2021-2022 would incorporate any new areas of focus.***

AS/33 **UPDATED AUDIT PLANNING REPORT FOR THE YEAR ENDING 31 MARCH 2020**

The External Audit Officer presented the report on behalf of the Strategic Director (Corporate Resources) advising Members of the impact of Covid-19.

The Chairman enquired which element of audit procedures would be investigated; if the additional work be included in the scale fee and whether the audit would be completed on time. The External Audit Officer confirmed that the additional work would look at the value ascribed to the Council's assets such as property and that although the Audit inspection period had been elongated however, the audit was expected to be delivered on time. Members were advised that the additional work would not be part of the scale fee and costs would need to be discussed with management.

RESOLVED:-

That the updated Audit Plan for the year ending 31 March 2020 was considered and approved.

AS/34 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the report to Members.

RESOLVED:-

That the Sub-Committee considered and approved the updated work programme.

AS/35 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be

transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

AS/36 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 7:20PM.

COUNCILLOR ATKIN

CHAIRMAN

AUDIT SUB-COMMITTEE

9th December 2020

PRESENT:-

Conservative Group

Councillors Atkin (Chairman), Churchill (Vice-Chairman) and Mrs. Wheelton

Labour Group

Councillors Dunn and Shepherd.

AS/37 **APOLOGIES**

The Sub-Committee was informed that no Members had submitted apologies.

AS/38 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/39 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/40 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED

AS/41 **AUDIT RESULTS REPORT FOR THE YEAR ENDING 31ST MARCH 2020**

The External Audit Officer presented the report to the Sub-Committee and highlighted matters of significant risk connected to fraud in revenue recognition, the additional Covid-19 Going Concern Disclosures risk and Value for Money statement. Members were informed that the Derbyshire pension fund would be subject to further updates but there was no impact was expected to the audit opinion.

The Chairman requested confirmation of the audit dates for next year and the response required for Declarations of Interest as mentioned in the report. The External Audit Officer advised that the dates had not been announced due to Covid-19 and that an annual update was required for Related Party Transactions which were included in the Financial Statement.

RESOLVED:-

That the report of the External Auditor was considered and noted.

AS/42 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Officer presented the report to the Sub-Committee highlighting the main points from the Audit Dashboard advising good progress overall and explained that the planned audit of the Leisure Centres had been postponed until next year due to the Covid-19 situation.

The Chairman sought clarification regarding dates for the Housing Services and Parks and Open Spaces audits. The Internal Audit Officer confirmed that the target dates would be decided by the Authority's Officers and the Service.

RESOLVED:-

- 1.1 That the report of the Audit Manager was considered, and any issues identified be referred to the Finance and Management Committee or subject to a follow-up report as appropriate.***

AS/43 **LOCAL CODE OF CORPORATE GOVERNANCE REVIEW 2020/21**

The Head of Legal and Democratic Services presented the report to Members.

RESOLVED:-

- 1.1 That the updated Local Code of Corporate Governance as detailed in Appendix 1 of the report was considered and approved for publication in the Annual Governance Statement.***
- 1.2 That progress regarding on-going work to maintain sound governance as detailed in the report was approved.***

AS/44 **RISK MANAGEMENT**

The Strategic Director (Corporate Resources) presented the report to the Sub-Committee outlining the revised process document and how the Council approached and manages risk.

RESOLVED:-

- 1.1 *That the Risk Management Process as detailed in the attached document was approved.*
- 1.2 *That Section 4.0, of the Risk Management Process, identifying key risks that in assessing risks the Council included the additional factor of Environment.*

AS/45 **DATA QUALITY & PERFORMANCE MANAGEMENT**

The Strategic Director (Corporate Resources) presented the report to the Sub-Committee noting that the processes and data used in the Corporate Plan must be robust and reflect the Council's performance.

RESOLVED:-

- 1.1 *That Members noted the recommendations and responses provided in Appendix A of the report, in the Data Quality and Performance Management Audit Recommendations and Response Matrix 2019/20.*
- 1.2 *That the completed Action plan for 2019/20 following the audit as per Appendix B of the report was noted.*
- 1.3 *That the Action plan for 2020/21 in Appendix C of the report was approved.*

AS/46 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the Committee Work Programme to Members.

RESOLVED:-

That the Sub-Committee considered and approved the updated work programme.

AS/47 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed

exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

AS/48 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 5.05 PM.

COUNCILLOR ATKIN

CHAIRMAN

AUDIT SUB-COMMITTEE

24th March 2021

PRESENT:-

Labour Group

Councillor Dunn (Chairman) and Councillor Shepherd (Vice Chairman).

Conservative Group

Councillors Atkin and Hewlett.

Non-Grouped

Councillor Mrs. Wheelton

AS/49 **APOLOGIES**

The Sub-Committee was informed that no Members had submitted apologies.

AS/50 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/51 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/52 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED

AS/53 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Officer presented the report informing the Sub-Committee of progress during the period since the last meeting and highlighted salient points from the Audit Dashboard and gave a brief overview of the Overview and Scrutiny Committee consultation audit .

Members raised queries regarding the Fire and Electrical Safety and the Safeguarding Audits. Members also requested details of works carried out on fire doors at Council flats and the payment arrangements for Trade Waste.

The Head of Housing confirmed that the Fire and Electrical Safety Audit had been behind on progress due the contract start date but the backlog of work had been completed. The Sub-Committee was informed that two recommendations had been completed in the Safeguarding Audit with a further three awaiting implementation and that works on fire doors was to the door furniture. The Strategic Director (Corporate Resources) clarified that Trade Waste was billed in arrears.

RESOLVED:-

- 1.1 That the report of the Audit Manager was considered, and any issues identified would be referred to the Finance and Management Committee or subject to a follow-up report as appropriate.**

AS/54 **INTERNAL AUDIT PLAN AND CHARTER 2021-22**

The Internal Audit Officer presented the report to the Sub-committee advising that the Audits that had not been completed due to Covid-19 were included in the plan with revised action dates.

The Chairman sought clarification in respect of the Procurement Audit scheduled for completion in quarter four. The Internal Audit Officer confirmed that the recommendations of the recent audit would be followed up as scheduled in next year's plan.

RESOLVED:-

- 1.1 That the proposed Internal Audit Plan for 2021/22 was considered and approved for implementation, subject to any changes agreed by the Sub-Committee.**

AS/55 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the Committee Work Programme to Members.

RESOLVED:-

- The Committee considered and approved the updated work programme.***

AS/56 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

AS/57 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 7.30 PM.

COUNCILLOR DUNN

CHAIRMAN

REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM: 6
DATE OF MEETING:	8th DECEMBER 2021	CATEGORY: RECOMMENDED
REPORT FROM:	AUDIT MANAGER	OPEN
MEMBERS' CONTACT POINT:	ADRIAN MANIFOLD (01332 643281) adrian.manifold@centralmidlandsaudit.co.uk	DOC: u/KS/audit/internal audit/quarterly reports/quarterly report cover
SUBJECT:	INTERNAL AUDIT PROGRESS REPORT	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 02

1.0 Recommendations

- 1.1 That the report of the Audit Manager is considered, and any issues identified are referred to the Finance and Management Committee or subject to a follow-up report as appropriate.

2.0 Purpose of Report

- 2.1 To provide an update on progress against the approved Internal Audit Plan. This details the performance and activity of Internal Audit as at 31 October 2021.

3.0 Detail

- 3.1 The detailed progress report is attached.

4.0 Financial Implications

- 4.1 None.

5.0 Corporate Implications

- 5.1 None directly.

6.0 Community Implications

- 6.1 None directly.

7.0 Background Papers

- 7.1 None



South Derbyshire District Council – Audit Progress Report

Audit Sub-Committee: 8th December 2021



Contents

Page

AUDIT DASHBOARD	3
AUDIT PLAN	4
AUDIT COVERAGE	5
RECOMMENDATION TRACKING	13
HIGHLIGHTED RECOMMENDATIONS	15

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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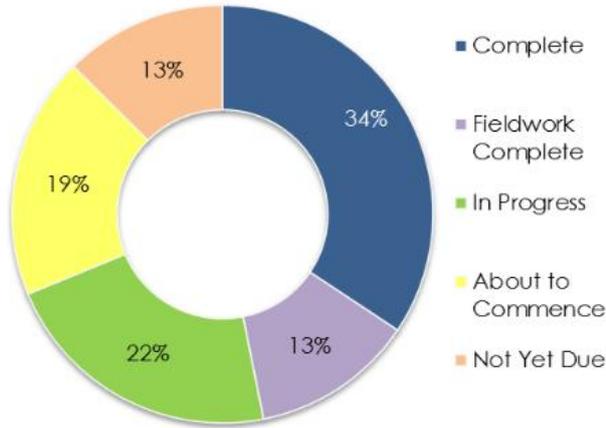
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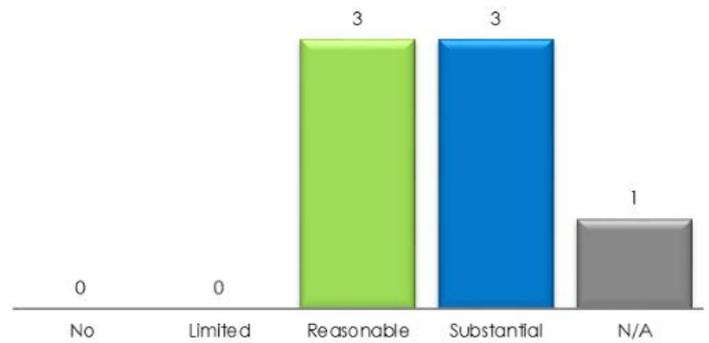
AUDIT DASHBOARD

Plan Progress



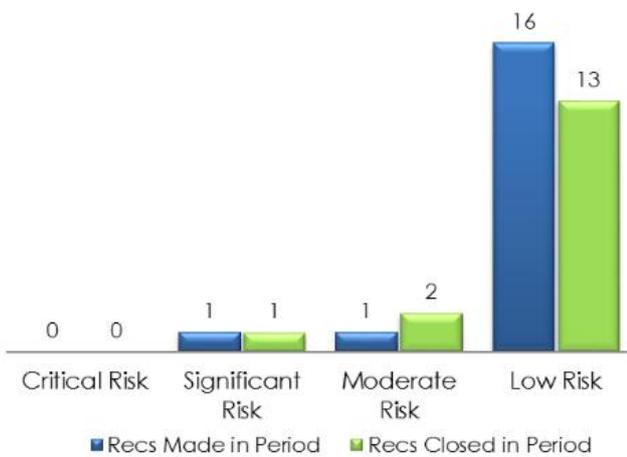
Jobs Completed in Period

Control Assurance Ratings During Period



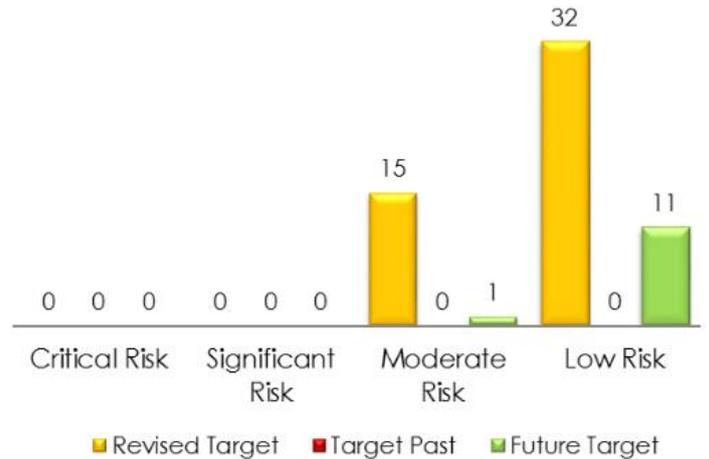
Recommendations

Movement During Period



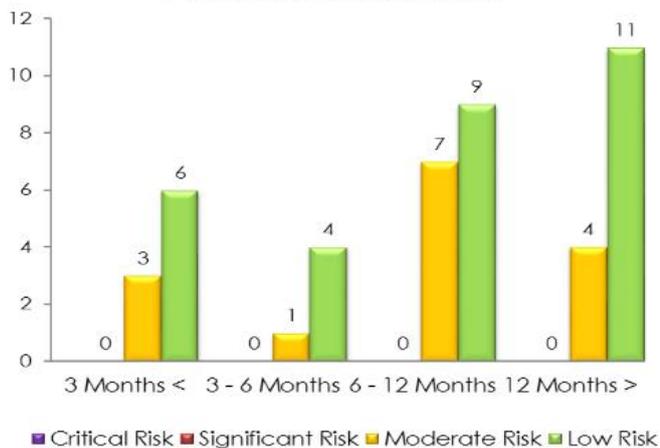
Recommendations

Recommendations Currently Open



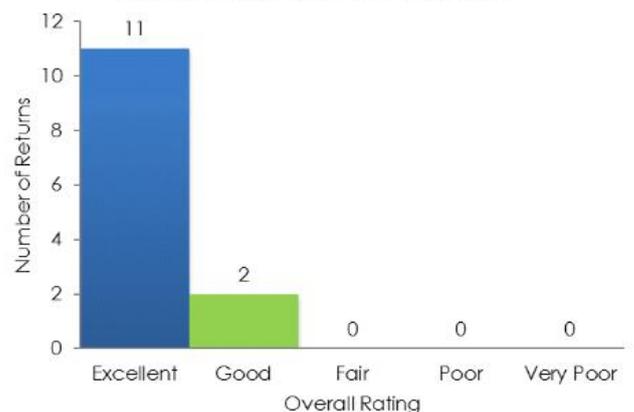
Recommendations

Overdue Recommendations



Customer Satisfaction

Returns Between Nov 20 & Nov 21



South Derbyshire District Council – Audit Progress Report

AUDIT PLAN

Progress on Audit Assignments

The following tables provide Audit Sub-Committee with information on how audit assignments were progressing as at 31st October 2021.

2021-22 Jobs	Status	% Complete	Assurance Rating
Data Protection & FOI 2021-22	Final Report	100%	Reasonable
Procurement 2021-22	In Progress	0%	
Income Streams 2021-22	Not Allocated	0%	
Financial Management Standards 2021-22	Final Report	100%	Reasonable
Covid Related 2021-22	Not Allocated	0%	
Insurance 2021-22	Final Report	100%	Substantial
Taxation 2021-22	Final Report	100%	Substantial
Payroll Probity 2021-22	In Progress	20%	
Creditors 2021-22	Allocated	0%	
Asset Management 2021-22	In Progress	65%	
Revenues Systems 2021-22	Allocated	5%	
Cashiering 2021-22	Fieldwork Complete	90%	
IT Applications 2021-22	In Progress	10%	
IT Infrastructure 2021-22	Not Allocated	0%	
Project Management 2021-22	In Progress	45%	
People Management 2021-22	Allocated	10%	
Data Quality & Performance Management	Final Report	100%	Substantial
Development Management 2021-22	Not Allocated	0%	
Climate Change 2021-22	In Progress	20%	
Affordable Housing 2021-22	Final Report	100%	N/A
Allocations & Homelessness 2021-22	Allocated	10%	
Rent Accounting 2021-22	Draft Report	95%	
Corporate Governance 2021-22	Draft Report	95%	
B/Fwd Jobs	Status	% Complete	Assurance Rating
Business Continuity & Emergency Planning	Final Report	100%	Reasonable
Procurement 2020-21	Final Report	100%	Reasonable
Housing Benefit & Council Tax Support	In Progress	75%	
Microsoft 365 Platform	Final Report	100%	Reasonable
Financial Reporting - Impact of Covid19	Final Report	100%	Substantial
Leisure Centres 2020-21	Allocated	5%	
Housing Repairs 2020-21	Final Report	100%	Limited
Waste Contract - Pre-Procurement Stage	Final Report	100%	Reasonable
Electoral Services 2020-21	Allocated	20%	

Plan Changes

None.

South Derbyshire District Council – Audit Progress Report

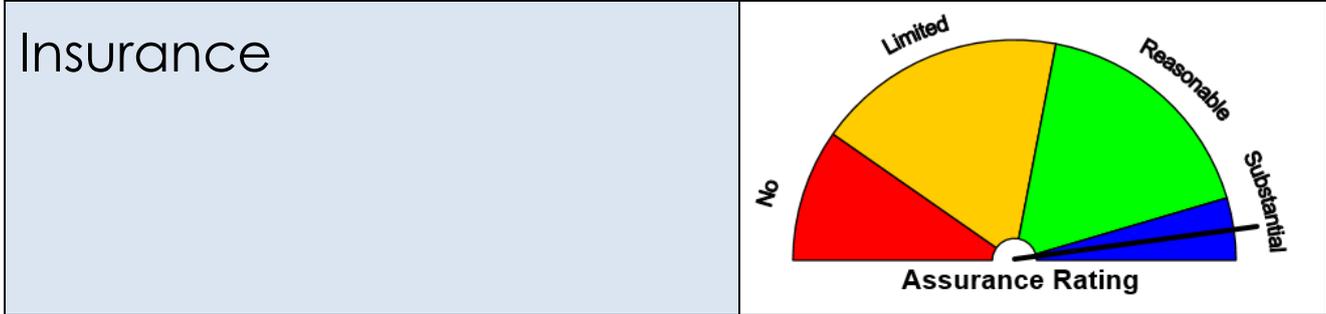
AUDIT COVERAGE

Completed Audit Assignments

Between 25th August 2021 and 29^h November 2021, the following audit assignments have been finalised.

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Insurance	Substantial				2	0%
Taxation 2021-22	Substantial					n/a
Data Quality & Performance Management	Substantial					n/a
Data Protection & Freedom of Information	Reasonable			1	10	36%
Business Continuity	Reasonable				3	33%
Affordable Housing	N/A					n/a
Financial Management Standards	Reasonable		1		1	100%

Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
	Adequate insurance cover is in place, to cover known areas of insurable risk, legal and other contractual requirements.	6	4	2
Insurance Claims are promptly and adequately assessed, processed and dealt with to conclusion with summary information reported to management.	4	4	0	0
Data relating to insurance policies and claims is appropriately stored and managed.	4	3	1	0
The insurance function is appropriately recognised throughout the Council and given sufficient priority to enable the Insurance Team to deliver their service effectively.	3	2	1	0
TOTALS	17	13	4	0
Summary of Weakness		Risk Rating	Agreed Action Date	
The Council may not be realising best value for money from its present insurance product, due to the length of time between independent broker assessments of its circumstances.		Low Risk	30/06/2026 Future Action	
The insurance guidance was found to be out-of-date and contained a number of minor errors throughout the documents.		Low Risk	31/03/2022 Future Action	



South Derbyshire District Council – Audit Progress Report

Taxation 2021-22	 Assurance Rating			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Procedural documentation and guidance is in place in respect to taxation and sufficient training and support is provided to staff.	5	5	0	0
VAT for elections expenses has been calculated and reported accurately, with suitable supporting documentation retained.	7	7	0	0
VAT reconciliations have been completed regularly and financial system reports are accurate & reliable.	3	3	0	0
TOTALS	15	15	0	0
This report contained no recommendations, as no key control weaknesses were identified by the audit review.				

Data Quality & Performance Management	 Assurance Rating			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
There are suitable governance arrangements in place for the successful management and monitoring of data quality throughout the authority.	7	7	0	0
There are robust processes for managing individual performance indicators and ensuring the accuracy of the reported performance figures.	6	6	0	0
There are adequate quality checks in place for ensuring the validity of the performance data and the resulting data trail.	6	6	0	0
TOTALS	19	19	0	0
This report contained no recommendations, as no key control weaknesses were identified by the audit review.				

South Derbyshire District Council – Audit Progress Report

Data Protection & Freedom of Information	<p style="text-align: center;">Assurance Rating</p>			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
The Council has embedded key requirements of the General Data Protection Regulations into its business as usual processes.	7	2	4	1
The Council has established appropriate policies for dealing with Freedom of Information requests	4	0	1	3
Employees have been made aware of and provided with appropriate training in Freedom of Information legislation	3	1	0	2
Robust systems have been established for processing and monitoring Freedom of Information requests	6	5	1	0
TOTALS	20	8	6	6
Summary of Weakness		Risk Rating	Agreed Action Date	
The presentation and content of policy documents relating to the Data Protection Framework were inconsistent with respect to the inclusion of version control and carrying out a review.		Low Risk	31/12/2021 Future Action	
Privacy notices had not been subject to regular review to ensure they remained fit for purpose.		Low Risk	31/12/2021 Future Action	
Not all staff had completed the annual mandatory GDPR refresher training and not all Members had attended and completed GDPR training.		Moderate Risk	31/12/2021 Future Action	
The content of the Information Asset Register had not been reviewed since it was established during 2018.		Low Risk	31/12/2021 Future Action	
Not all ISA's and IPA's had been signed or reviewed and the Council had not established a central log of the ISA's & IPA's that it held.		Low Risk	31/12/2021 Future Action	
The Council had not established and published a FOI policy.		Low Risk	07/10/2021 Implemented	
The Council had not fully adopted the Model Publication Scheme created by the Information Commissioners Office for public authorities.		Low Risk	07/10/2021 Implemented	
The Council had published two different limits at which point a charge for information could be made and had not established a schedule of charges detailing the different types of charges that may be made.		Low Risk	07/10/2021 Implemented	
Officers responsible for administering FOI requests received by the Council had not received appropriate training on the topic.		Low Risk	31/12/2021 Future Action	
Officers across the Council had not received any training in the requirements of the FOI Act 2000.		Low Risk	31/12/2021 Future Action	
Key information set out by the ICO and pertinent to making an FOI request had been omitted from the Council's FOI guidance webpages.		Low Risk	07/10/2021 Implemented	

South Derbyshire District Council – Audit Progress Report

Business Continuity	Assurance Rating			
	No	Limited	Reasonable	Substantial
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Appropriate Business Continuity Management arrangements have been established and fully embedded within the Council, in accordance with the Civil Contingencies Act 2004.	10	4	6	0
An effective corporate Business Continuity response to Covid-19 has been implemented.	17	13	3	1
TOTALS	27	17	9	1
Summary of Weakness		Risk Rating	Agreed Action Date	
Inconsistencies or instances of incomplete information were identified in the Business Continuity Plan.		Low Risk	31/12/2021 Future Action	
Testing of the Universal Contact List had not taken place in 2020 despite this being a crucial element to the business continuity arrangements.		Low Risk	31/12/2021 Future Action	
Minutes of the Leadership Team meetings did not always provide a comprehensive and clear record of decisions made and actions taken during the Covid-19 pandemic.		Low Risk	Risk Accepted	

Affordable Housing

We undertook a consultancy review and spoke to officers in the Council's Strategic Housing Team and reviewed relevant information to establish the current arrangements for providing affordable housing.

We also sought to provide some comparative information in relation to the provision of affordable housing by a small sample of other local Council's within and in close proximity to the Derbyshire county area. Where areas of best practice were identified, we have advised on any gaps in procedures or areas where we feel these can be improved upon.

we have undertaken a consultancy review and have spoken to officers in the Council's Strategic Housing Team and reviewed relevant information to establish the current arrangements for providing affordable housing.

Having considered the information we have collated and the results of the discussions we have held with the Strategic Housing and Development Manager, we are of the opinion that there is no current cause for concern in respect of the Council's provision of affordable housing to the district.

We have formed this opinion based on the following:

- The Council seeks to negotiate up to 30% affordable housing on development sites of 15 dwellings or more. The Council's Local Plan identifies the 30% target as a starting point for negotiations, acknowledging possible issues with viability and that, in agreement with the Council, a lower target could be used. The issue of viability is one also acknowledged in the SHMA (January 2020).
- The Council has consistently exceeded the target set of delivering 150 new affordable homes in the district, since at least 2016/17, including 2020/21 when the Covid pandemic hit. It also remains on target to deliver during 2021/22.

South Derbyshire District Council – Audit Progress Report

- Review of Planning Committee reports in 2020 demonstrate that the Strategic Housing Team are actively involved in planning applications which include affordable housing provisions and S106 agreements.
- The Strategic Housing Team are actively engaged with and support Registered Providers in the area and hold quarterly forum meetings, chaired by the Council's Strategic Housing and Development Manager, to discuss housing related topics, including affordable housing.
- The Strategic Housing and Development Manager chairs the quarterly meetings of Derbyshire Strategic Housing Officers Group, held to discuss housing topics and issues across the county. This further demonstrates the Strategic Housing Team actively engaging with Strategic Housing Officers from across the county of Derbyshire.
- There are limited differences when drawing comparisons with other local Council's in the area. Three of the five Council's reviewed (including South Derbyshire) seek to provide up to 30% affordable housing with two Council's taking a slightly different approach in terms of their percentage affordable housing target.

Whilst for the reasons listed above, we are of the opinion that there is no current cause for concern, based on the information provided to us, we feel we must caveat this with a note of caution, specifically in relation to the economic climate. The Council has demonstrated its success in its provision of affordable housing over recent years but should be mindful that factors outside of its control may come to the fore and detrimentally impact that success in the months and years to come. As suggested earlier in this report, we would encourage the Council to consider re-introducing the Corporate Performance Measure in this regard such that this can be actively monitored on a regular basis.

Financial Management Standards	Assurance Rating			
	No	Limited	Reasonable	Substantial
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
The Council has considered its financial sustainability and taken appropriate action to demonstrate its compliance with the principles and standards set out in CIPFAs Financial Management Code.	7	5	1	1
TOTALS	7	5	1	1
Summary of Weakness	Risk Rating		Agreed Action Date	
The annual General Fund, Housing Revenue Account and Capital budgets were not formally received and approved by Full Council, as required by the Council's Constitution and to meet the requirements of the Local Government Act 2000.	Significant Risk		Not Accepted	
The Council had not engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	Low Risk		Risk Accepted	

Given that we have raised a significant risk weakness that the Council has not accepted, it is considered appropriate that we provide Committee with greater detail of the Audit finding as well as management's full response:

Detailed Finding – The Annual Budget

We expected that the Council would have taken appropriate action to assess its compliance with the standards set out in Section 4 of the Financial Management Code (the annual budget).

South Derbyshire District Council – Audit Progress Report

Standard J of the Financial Management Code requires that the Authority complies with its statutory obligations in respect of the budget setting process. CIPFA's Financial Management Code states that the Local Government Act 2000 requires the Full Council to approve the annual budget. We could find no evidence that this was the case at the Council.

For the 2021/22 budget the following occurred:

- Special budget committees were convened in January to consider proposed Service budgets.
- The budget proposal was presented to Overview and Scrutiny Committee on 10th February 2021; paragraph 3.4 stated: "*Full Council due to consider and approve final proposals on 24th February*".
- The Finance and Management Committee considered the consolidated budget on 11th February 2021 and resolved that "*the Committee considered and approved the estimates of revenue income and expenditure on the General Fund for 2021/22*". There were similar resolutions for the Housing Revenue Account and Capital budgets.
- The Section 151 Officers report and the Council Tax Setting report were presented to the Full Council at the 24th February 2021 meeting, but the annual budget was not.
- The minutes of the 11th February 2021 Finance and Management Committee were not received by Full Council until the 16th September 2021, and we could find no minutes that recorded the Full Council's approval of the 2021/22 budget.

The Strategic Director (Corporate Resources) has indicated that the approval process recounted above for 2021/22 is the same annual budget approval process that the Council has followed for over 20 years. Evidence from Council minutes would seem to support this assertion.

We reviewed the Council's Constitution and found that Article 4 (4.02 bullets 5 and 6) stated that only the Full Council would approve and adopt the revenue and capital budgets. Article 20 (the Responsibilities of Committees) stated that the responsibility of the Finance and Management Committee (FM08) and the Housing and Community Services Committee (HCS01) was to recommend an annual budget to be set by Full Council. The Council's Financial Regulations and Financial Procedure Rules also stipulated that budgets required the approval of Full Council (see also Appendix A).

If the annual General Fund, Housing Revenue Account and Capital budgets are not approved by Full Council, the Council could be failing to act in accordance with the Local Government Act 2000 and legally could be considered not to have set a budget.

Appendix A – Information Re – Budget Setting

CIPFA Financial Management Code Guidance Notes (page 74):

“STATUTORY REQUIREMENTS REGARDING BUDGET-SETTING

There is a considerable volume of legislation surrounding the budget-setting process for authorities. The specific legislation and associated compliance requirements will depend on (a) the nature of the authority and (b) the UK home nation in which it is situated.

In general, authorities are required by statute to set and agree an income and expenditure budget prior to the beginning of the financial year to which the budget relates. For local authorities in England and Wales, for example:

- the Local Government Act 2000 requires the full council to approve the annual budget, on the recommendation of the executive or equivalent, together with the associated council tax demand."

Local Government Association: A Councillors Workbook on Local Government Finance (page 11):

"This section considers how a local council plans its finance and agrees its annual budget.

There is a significant amount of legislation around local authority financial planning and budgeting. This is outlined below.

South Derbyshire District Council – Audit Progress Report

- The Local Government Act 2000 states that it is the responsibility of the full council, on the recommendation of the executive (or the elected mayor) to approve the budget and related council tax demand."

Local Government Association: How Are Decisions Made?

"Whichever [executive] system an authority opts for, it must have a full council on which all councillors sit. This is responsible for setting the policy framework, agreeing the budget and spending plans, electing the leader and making constitutional decisions. It is also a forum for debate on major issues affecting the council and its local area."

South Derbyshire DC's Constitution (Article 4 – Full Council - 4.02 Functions of Full Council):

"Only Full Council will exercise the following functions:

4. To approve and adopt the Council's Revenue Budget (General Fund and Housing Revenue Account);
5. To approve and adopt the Council's Capital programme (General Fund & Housing);"

South Derbyshire DC's Financial Regulations (A: Financial Management):

"FULL COUNCIL

2. Full Council is responsible for adopting the Constitution and Members' Code of Conduct and for approving the Budget and Policy Framework within which the Policy Committees operate. It is also responsible for approving and monitoring compliance with the Authority's overall framework of accountability and control and for agreeing procedures for carrying forward under- and overspending on budget headings."

&

"COMMITTEES - FINANCE AND MANAGEMENT COMMITTEE

5. The Finance and Management Committee is responsible for proposing the Budget and Policy Framework to Full Council."

South Derbyshire DC's Financial Procedure Rules (B: Financial Planning):

"**Strategic Director (Corporate Resources)**

B2.1 To advise the Members on the format of the Budget that is approved by Full Council. "

&

"**Chief Officers**

B2.20 To prepare estimates of income and expenditure, in consultation with the Strategic Director (Corporate Resources), to be submitted to Full Council."

Audit Recommendation

We recommend that the Council takes appropriate advice on the legal standing of its 2021/22 budgets. Going forward, in accordance with the Council's Constitution, the Full Council should receive General Fund, Housing Revenue Account and Capital budgets and should minute that they have been considered and approved before the March deadline.

Management's Response

In line with the Council's Constitution and Committee System, the Council does not receive full budget details. Following an open and transparent process through the Committee system, Finance and Management Committee recommend the level of income and expenditure to Full Council as part of Council Tax setting. This is backed up by the report of the Section 151 Officer and the Budget Statement delivered by the Leader.

At the Full Council meeting, members have the opportunity to challenge and ask questions regarding the Budget and have prior access to all reports considered by the Policy Committees. Many members would also have the opportunity to scrutinise proposals at these Committees.

South Derbyshire District Council – Audit Progress Report

When the Council Tax is set, this also effectively approves the Budget as recommended by Finance and Management Committee, subject to any changes made at the Full Council meeting.

South Derbyshire District Council – Audit Progress Report

RECOMMENDATION TRACKING

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open		
			Action Due	Being Implemented	Future Action
06-Sep-21	Data Protection & Freedom of Information	Reasonable			7
15-Sep-21	Insurance	Substantial			2
27-Sep-21	Business Continuity 2020-21	Reasonable			2
06-Jan-21	Tenancy Management (Substantial		1	
27-Jan-21	Housing Safety Inspections 2020-21	Reasonable		3	
03-Feb-21	Waste Management (Trade Waste)	Reasonable		3	
16-Jun-21	Housing Repairs 2020-21	Limited		9	
21-Dec-20	Safeguarding 2020-21	Reasonable		1	
26-Mar-21	Revenues Systems 2020-21	Substantial		3	
17-Aug-21	Financial Reporting - Impact of Covid19	Substantial		1	
09-Jun-20	Treasury Management 2019-20	Reasonable		1	
25-Nov-20	Payroll 2019-20	Reasonable		1	
06-Aug-20	Bereavement Services 2019-20	Reasonable		3	
22-Oct-20	Grounds Maintenance 2019-20	Reasonable		6	1
03-Mar-20	Improvement Grants 2019-20	Reasonable		1	
17-Dec-19	Active Communities & Health	Substantial		1	
26-Mar-19	Fleet Management	Reasonable		2	
23-Jul-19	Payroll 2018-19	Reasonable		1	
29-Aug-19	Corporate Governance 2018-19	Reasonable		1	
13-Nov-19	Development Management 2018-19	Reasonable		1	
12-Feb-19	PCI Compliance 2018-19	Reasonable		3	
14-Feb-19	Allocations & Homelessness 2018-19	Reasonable		1	
25-Jan-19	Section 106 Agreements 2018-19	Reasonable		1	
13-Nov-17	Officers Expenses & Allowances	Reasonable		1	
07-Aug-17	Parks & Open Spaces	Reasonable		2	
		TOTALS		47	12

Action Due = The agreed actions are due, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

Being Implemented = The original action date has now passed and the agreed actions have yet to be completed. Internal Audit has obtained status update comments from the responsible officer and a revised action date.

Future Action = The agreed actions are not yet due, so Internal Audit has not followed the matter up.

South Derbyshire District Council – Audit Progress Report

Audit Assignments with Recommendations Due	Action Due			Being Implemented		
	Significant Risk	Moderate Risk	Low Risk	Significant Risk	Moderate Risk	Low Risk
Tenancy Management						1
Housing Safety Inspections 2020-21					2	1
Waste Management (Trade Waste)					1	2
Housing Repairs 2020-21					4	5
Safeguarding 2020-21						1
Revenues Systems 2020-21						3
Financial Reporting - Impact of Covid19						1
Treasury Management 2019-20					1	
Payroll 2019-20						1
Bereavement Services 2019-20					1	2
Grounds Maintenance 2019-20					2	4
Improvement Grants 2019-20					1	
Active Communities & Health						1
Fleet Management						2
Payroll 2018-19					1	
Corporate Governance 2018-19						1
Development Management 2018-19						1
PCI Compliance 2018-19					1	2
Allocations & Homelessness 2018-19						1
Section 106 Agreements 2018-19						1
Officers Expenses & Allowances					1	
Parks & Open Spaces						2
TOTALS					15	32

South Derbyshire District Council – Audit Progress Report

HIGHLIGHTED RECOMMENDATIONS

Being Implemented – Significant or Moderate Risk Recommendations

The following significant or moderate risk rated recommendations, that have not yet been implemented, are detailed for Committee's scrutiny.

PCI Compliance 2018-19	Rec No. 8
Summary of Weakness / Recommendation	Risk Rating
<p>The Council was not PCI Compliant and was paying non-compliance fees to a third party. Further management fees were being paid to the financial system provider for PCI and they were also charging the Council for a verbal assessment that no-one at the Council knew anything about.</p> <p>We recommend that the Council establishes a PCI Compliance Action Plan which should take account of the non-compliance fees being paid and should look to work with the third party to ensure that they are able to provide compliance to them and remove the non-compliance fee. The Council should also determine what benefits the Council receives for the PCI DSS Management Fee and verbal assessment.</p>	Moderate Risk
Management Response/Action Details	Action Date
This matter has been raised with Capita360 and there are several issues that have been raised previously about responsibility for the various elements of PCI DSS compliance and which appear to affect compliance. Following the meeting with Capita on 15 th February 2019 a compliance action plan will be drafted for agreement by each team.	01/04/2019
Status Update Comments	Revised Date
The Council has undertaken a comprehensive PCI audit with a specialist consultancy. Two key recommendations were made, namely the delivery of Call Secure Plus and P2PE, as well as the update of a few key policies and submission of the council's PCI accreditation. These projects and spend were approved by Finance & Management Committee in March 2021. Call Secure Plus project is ready to go, but is dependent on the delivery of SIP which is now being progressed. P2PE is dependent on the supplier (Capita) and is in the final stages of testing and delivery. The PCI questionnaires/ accreditation and updated policies are due to be approved/submitted by 31 December 2021 and annually thereafter.	31/12/2021 Future Action

Officers Expenses & Allowances	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>The review of essential user allowances process, which was due to be carried out annually, had not been carried out.</p> <p>We recommend that the Council considers a root and branch review of its approach to the payment of travel expenses, with a view to reducing the number of uneconomic payments made through the essential user scheme.</p>	Moderate Risk
Management Response/Action Details	Action Date
The payments are contractual for employees and therefore formal consultation will need to be undertaken. The Council is completing a job evaluation project and it is planned to commence discussions with the Trade Unions as part of a wider review of employment conditions and to fit in line with negotiations being completed on a national basis. Position to be reviewed 30 th September 2019.	30/09/2018
Status Update Comments	Revised Date
The payments are contractual for employees and therefore formal consultation will	31/03/2022

South Derbyshire District Council – Audit Progress Report

need to be undertaken. A wider review of employment terms and conditions is to be completed as part of the post-Covid actions and this will be considered further as part of this work.	Future Action
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Payroll 2018-19	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>There was no process in place to check that all changes made on the Resource Link Payroll system were valid and supported by appropriate documentation.</p> <p>We recommend that a standard report should be setup on the Resource Link system that produces a listing of all changes made to Payroll records by all users within the period. This should then be used to ensure that appropriate documentation is held to support all changes made, and that they have been accurately input. Furthermore, the Checked by column in the HR spreadsheet should be regularly completed to evidence each item listed has been checked.</p>	Moderate Risk
Management Response/Action Details	Action Date
A number of options are being explored to address this issue with the software provider and will subsequently eradicate the level of risk. There is already a report developed that can be used to run reports on all users from Resource Link. The process of running reports was agreed in the previous audit 2017/18. Subject to the implementation of a new reporting tool, reports will be run on all users to identify any new starters and changes made to the system. In addition, the previously agreed arrangements will continue and this will include the exchange of information between HR and payroll to clarify any other changes that impact on an employee's salary. This will include the completion of the checked by column.	01/10/2019
Status Update Comments	Revised Date
<p>Work has been completed to ensure that adequate separation of duties is in place and documented evidence provided.</p> <p>The monthly spreadsheet detailing changes will continue to be produced and exchanged by HR and Payroll.</p> <p>Work is to be progressed during 2021/22 in relation to the ongoing provision of the Payroll service and this will include the establishment of ongoing controls on this area.</p>	<p>01/04/2022</p> <p>Future Action</p>

Improvement Grants 2019-20	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>No performance targets had been set for the key stages of the DFG process, and there was no regular monitoring or reporting of performance to management.</p> <p>We recommend that appropriate targets are identified for the standard types of adaptation. Performance against these targets should be monitored and reported regularly to management.</p>	Moderate Risk
Management Response/Action Details	Action Date
This will need to be developed in collaboration with other local authorities within the Derbyshire county council area. To enable comparison and benchmarking	30/06/2020
Status Update Comments	Revised Date
New PIs have been devised for incorporation within the Foundation IT Package	24/12/2021
	Future Action

South Derbyshire District Council – Audit Progress Report

Bereavement Services 2019-20	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Contract opportunities for the provision of a grave digging service had not been advertised on the Contracts Finder website, in line with the requirements of the Public Contract Regulations 2015, and there was no current contract in place.</p> <p>We recommend that the Council pursues one of the following actions: A corporate contract may be required for the area of spend and as such a formal tender exercise should be undertaken. Engage the Council's DSO to provide the service at the rural cemeteries as well as the urban cemeteries. The area of spend may be relevant to an existing or new framework agreement/contract which should be used to formalise the process. If no competitive market is available this should be demonstrated and a formal exemption from the Contract Procedure Rule should be put in place.</p>	Moderate Risk
Management Response/Action Details	Action Date
All options will be assessed and taken forward after the Covid-19 pandemic is over as the risk of any changes to the service are too great at the present time.	01/01/2021
Status Update Comments	Revised Date
Delay in procurement due to COVID management requirements. Desire to minimise any potential risk to service continuity.	01/04/2022
	Future Action

Treasury Management 2019-20	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>Officers could not locate a contract or similar agreement between the Council and its appointed financial advisor. A letter of appointment had been provided by the advisors that suggested that the current arrangement had been in place for eight years, seemingly without review or reaffirmation. Accordingly, Contract Procedure Rules could have been breached and the procurement could be non-compliant with Procurement Regulations.</p> <p>It is recommended that the Contract Procedure Rules are invoked for the procurement of investment advice, following which the arrangements between the Council and its chosen advisors are made the subject of a formal contract or SLA in which the service expectations for both parties are clearly identified.</p>	Moderate Risk
Management Response/Action Details	Action Date
A review of potential procurement frameworks alongside a market test of providers and discussions with other Local Authorities across Derbyshire regarding their advisors will be undertaken prior to the renewal date.	28/02/2021
Status Update Comments	Revised Date
A Value for Money exercise has been undertaken and a report will be presented to the Finance and Management Committee on 13 January 2022. This will recommend the appointment of advisors on a 3-year contract based on proposals submitted and a service level agreement will be put in place. Revised implementation date 31 January 2022.	31/01/2022
	Future Action

South Derbyshire District Council – Audit Progress Report

Grounds Maintenance 2019-20	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>The capacity of Operational Services for carrying out tree maintenance works was insufficient, limiting responsiveness.</p> <p>We recommend that appropriate funds are identified to ensure that the new Tree Strategy and Tree Policy can be adequately resourced and implemented.</p>	Moderate Risk
Management Response/Action Details	Action Date
Tree Strategy and Policy is planned to go to Committee February 2021	01/03/2021
Status Update Comments	Revised Date
<p>The draft Tree Strategy and Policy has been reviewed by the Council's insurers, Zurich to ascertain level of risk and to identify any required financial commitment.</p> <p>Following this review, external consultants have been brought to provide SME support and objective challenge in relation to the draft Tree Strategy and Policy, as well provide a review of the current status of trees management and recommend what appropriate resourcing will be required meaningfully address current identified issues/concerns. This is due to be completed by the end of 2021. This will be followed by soft-market testing, to inform how we strategically position trees management (& possibly part of/linked to grounds maintenance) moving forward.</p> <p>Tree Strategy and Policy is planned to go to Committee Spring/Summer 2022</p>	<p>31/03/2022</p> <p>Future Action</p>

Grounds Maintenance 2019-20	Rec No. 6
Summary of Weakness / Recommendation	Risk Rating
<p>Reactive work requested and performed was not consistently recorded.</p> <p>We recommend that reactive work requests should be logged and the outcome recorded. This should include, as a minimum, the following details:</p> <ul style="list-style-type: none"> • Date and time issue was reported. • Location of work. • Details of issue. • Urgency. • Customer details. • Work completed date. • Time spent on work. • Operative name. • Outcome. <p>This information should be monitored to draw out the following:</p> <ul style="list-style-type: none"> • Time spent on reactive work vs planned work, to inform workforce planning. • Responsiveness to requests, to allow effectiveness to be determined. • Trends in the types of work requested, to inform planned maintenance. 	Moderate Risk
Management Response/Action Details	Action Date
Operational Services is currently undertaking a management restructure, a formal process will be developed and implemented following this restructure.	01/04/2021
Status Update Comments	Revised Date
<p>This issue is now part of the asset management transformation project phase two. Original plan was to develop an in-house system, this is still in the design stage and a specification for requirements has now been developed.</p>	<p>01/03/2022</p> <p>Future Action</p>

South Derbyshire District Council – Audit Progress Report

Housing Safety Inspections 2020-21		Rec No.5
Summary of Weakness / Recommendation		Risk Rating
<p>Fire Risk Assessments had not been reviewed at the required frequency for all relevant properties.</p> <p>We recommend that the intended procurement of a Fire Risk Assessment provider be prioritised and that all overdue Fire Risk Assessments are undertaken and documented as soon as practically possible.</p>		Moderate Risk
Management Response/Action Details		Action Date
<p>Short term – requested to be completed by SDDC H&S and some urgent properties undertaken by MAGG. Operational responsibility is assigned to Repairs and Improvements Team Leader.</p>		31/03/2021
Status Update Comments		Revised Date
<p>New FRA being carried out by WSG. 4 completed to date and action plans implemented. Programme on going.</p>		31/12/2021
		Future Action

Housing Safety Inspections 2020-21		Rec No. 6
Summary of Weakness / Recommendation		Risk Rating
<p>While action had been taken to address many of the action points identified in Fire Risk Assessments dating back to 2016 and 2017, issues had not yet been fully addressed.</p> <p>We recommend that the Council ensures the completion of all outstanding points from Fire Risk Assessments as soon as practically possible. A plan should also be put in place to ensure that there is sufficient capacity to address any further fire safety risks identified once FRAs are refreshed following completion of the works.</p>		Moderate Risk
Management Response/Action Details		Action Date
<p>From the compartmentalisation surveys commissioned via Aquilum (Ventro/OmniZone) a contract was generated. £235k of firestopping works were carried out. Overall number of tasks allocated: 888 tasks completed, 420 Fire doors to be complete. Fire doors to install by Novus. Unfortunately, initial contractor consistently underperformed and have had to source alternative provision for renewal of fire doors. Fitting of these has now commenced. Operational responsibility is assigned to Repairs and Improvements Team Leader.</p>		25/03/2021
Status Update Comments		Revised Date
<p>All fire Risk Assessments are being reviewed with appropriate remedial action to follow</p>		31/12/2021
		Future Action

South Derbyshire District Council – Audit Progress Report

Waste Management (Trade Waste)	Rec No.6
Summary of Weakness / Recommendation	Risk Rating
<p>Mandatory Health & Safety training had not been refreshed in line with the required 3-year timescale.</p> <p>We recommend that, whilst being mindful of the current Covid-19 restrictions, the delivery of mandatory Health & Safety training is pursued and delivered as a priority, when safe to do so. To bring the required training up-to-date, this should incorporate all members of the team and include all those Health & Safety training courses which are mandatory. Whilst training delivery continues to be problematic due to the Covid-19 pandemic, toolbox talks should continue in an effort to keep Health & Safety awareness at the forefront of everyone's mind.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Mandatory training, including but not limited to Health & Safety, for all Operational Services employees, without access to Myview, has now been organised. The training will be delivered over the following dates to ensure Covid safety measures are followed during delivery of the training. 3rd February, 23rd February, 10th March, 11th March, 23rd March, 25th March and 1st April</p>	01/04/2021
Status Update Comments	Revised Date
<p>Due to the limited availability of training staff and limited times when training can be delivered to the refuse workforce it continues to be problematic to deliver mandatory training to 100% of the refuse workforce. Despite numerous attempts to resolve the current approach is not working. Operational Services and Human resources have now agreed on a new approach to resolve the issue. A number of training films are being developed which will give greater flexibility for delivery of mandatory training. Whilst in development employees will continue to receive regular toolbox talks, delivered by management and covering the essential Health & Safety topics, particularly manual handling and vehicle reversing.</p>	01/04/2022 Future Action

South Derbyshire District Council – Audit Progress Report

Housing Repairs 2020-21	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>There was a high degree of manual input in scheduling repair jobs and the system in place to record repairs was heavily reliant on paper job tickets, resulting in inefficiencies and possible inaccuracies. We were unable to locate a job ticket for 10 of the 19 completed repair jobs selected for testing.</p> <p>We recommend that the Council considers the procurement of dynamic scheduling software. In the interim we recommend that:</p> <ul style="list-style-type: none"> o Clear guidelines are provided to operatives on the information required to be completed on job tickets and timesheets, to improve the quality of data subsequently entered into Orchard, the Council's Housing Management System. o The possibility of sending job tickets directly from Orchard to operative's smartphones (or scanning and emailing them) is investigated. o The capability of the smartphones issued is reviewed to establish whether job tickets can be viewed and edited or whether other hardware /software is required to do this. o Training requirements for operatives are considered to allow implementation of the above and further training be undertaken, where required. 	Moderate Risk
Management Response/Action Details	Action Date
<p>As part of the Council's Transformation Project, the renewed Orchard Contract package includes the option for the future purchase of dynamic scheduling/mobile working software.</p> <p>Written instruction for the completion of job tickets will be provided for operatives by the Interim Team Leader (by 30/07/2021).</p> <p>A possible interim solution for the electronic transmission of job tickets has been identified and is being tested. This will require new devices to be provided to operatives. The use of smartphone for this process has been tested and found to be not viable. Once testing of the process and new devices is complete this will be implemented across the team with the appropriate training.</p>	01/10/2021
Status Update Comments	Revised Date
Paperless production of repair job tickets is being tested by the Repairs Team	04/01/2022
	Future Action

Housing Repairs 2020-21	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>Orchard, the Council's Housing Management System, did not contain a full record of materials used on a job and there was consequently no tracking of materials purchased over the counter to confirm their usage.</p> <p>We recommend that all materials used on a job should be recorded on the job ticket used to populate Orchard. This will ensure full data is available for the purposes of costing and post inspections. Operatives should be provided with clear instruction and</p>	Moderate Risk
Management Response/Action Details	Action Date
Written instruction for the completion of job tickets will be provided for operatives by the Interim Team Leader.	30/07/2021
Status Update Comments	Revised Date
Work ongoing with Buildbase to implement app which will account for materials issued and used, linked to SOR within Orchard.	01/04/2022
	Future Action

South Derbyshire District Council – Audit Progress Report

Housing Repairs 2020-21	Rec No. 6
Summary of Weakness / Recommendation	
<p>Van stocks were not being tightly controlled, as annual audits only consisted of a count and valuation and did not track the usage of materials.</p> <p>The Council should consider how the van stock audit regime might be strengthened to prevent the possible theft of materials. This should include an annual audit based on an inventory of van materials, taking into account materials purchased and materials used over the period to identify possible discrepancies, along with in-year spot checks.</p>	Moderate Risk
Management Response/Action Details	
<p>A quarterly audit of van stock will be implemented by the new Repair Manager once appointed.</p> <p>An electronic method of managing materials and van stocks is being investigated with the current materials provider.</p>	01/10/2021
Status Update Comments	
<p>Work ongoing with Buildbase to implement app which will account for materials issued and used, linked to SOR within Orchard.</p>	01/04/2022 Future Action

South Derbyshire District Council – Audit Progress Report

Housing Repairs 2020-21	Rec No. 8
Summary of Weakness / Recommendation	Risk Rating
<p>Management information requirements had not been set out for the repairs service and only minimal management information was being extracted and reviewed from Orchard, the Council's Housing Management System.</p> <p>We recommend that an exercise should be undertaken to identify what information would be useful to inform management's understanding of the repairs service and its performance; including who should be responsible for collating and analysing the data and who should be responsible for reviewing the information. Consideration should be given to the reporting capability of Orchard and whether the ability to record and retrieve the information requires additional technical support to be engaged.</p> <p>Examples of information management may consider useful are as follows:</p> <ul style="list-style-type: none"> • Most common types of repair works. • Proportion of emergency /urgent /non-urgent repairs. • % completion of jobs within target date. • Operative productivity. • Recurring repairs. • Cost per job. • Time per job compared to National Housing Maintenance Forum Schedule of Rates. <p>We note that some of this information is not currently available within the Orchard as highlighted separately within this report.</p>	<p>Moderate Risk</p>
Management Response/Action Details	Action Date
<p>The Government's Housing White Paper was presented to the Housing and Community Services Committee on 28/1/21. This suggests a wider range of performance indicators and management information that should be collected by Housing Providers. Consequently, a new suite of indicators /management information has been included within the Service Plan for 2021/22.</p> <p>These additional reporting requirements will be investigated by the newly appointed Repair Manager and Housing Policy and Research Officer once in post.</p>	<p>01/11/2021</p>
Status Update Comments	Revised Date
<p>Business Object Training Required. Initial set of standard reports to be reviewed.</p>	<p>30/11/2021 Future Action</p>

South Derbyshire District Council – Audit Progress Report

Being Implemented - Low Risk Recommendations Over 12 Months

The following low risk rated recommendations, that have not yet been implemented and have exceeded their original action date by more than 12 months, are also detailed for Committee's scrutiny.

Parks & Open Spaces	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>Files and documentation confirming compliance with safety standards was not held centrally, but rather in separate project files in the Cultural Services Department.</p> <p>We recommend that the documentation held by the Council in respect of play equipment and playground surfacing which demonstrates compliance with the relevant safety standards, should be held centrally. Ideally, the relevant documents confirming compliance for each play area should be scanned and stored on separate electronic files, headed up for each play area. Access to the files should be allowed for both the Open Space and Facilities Development Manager and the Street Scene Manager. This would allow all officers involved in the process to access the information as necessary (i.e. for ordering parts) and would serve to ensure that the information was complete and easily accessible.</p>	Low Risk
Management Response/Action Details	Action Date
Central folder to be set up for all Play Equipment paperwork on S Drive. Scan in all relevant documents.	31/03/2018
Status Update Comments	Revised Date
Cultural Services have a project to bring these together electronically. Staff not visiting the office so project will resume when the Covid 19 risk has reduced.	31/12/2021
	Future Action

Parks & Open Spaces	Rec No. 7
Summary of Weakness / Recommendation	Risk Rating
<p>Signs at play areas did not clearly identify the site operator, relying instead on a display of the Council's emblem, not necessarily identifiable with all users of the play areas. In addition, out of hours contact details differed on one sign compared to the other three we viewed.</p> <p>We recommend that the signs displayed at the children's play areas across the district clearly display, the name of the site operator, i.e. the district council or parish council as appropriate. This would allow users of the play areas to clearly identify the site operators in the event of accident or equipment failure. In addition, all the signs situated in the play areas should display the correct contact numbers, both in and out of office hours.</p>	Low Risk
Management Response/Action Details	Action Date
Review of signage to be undertaken. New signage to be designed and approved. New signs to be installed on all Council operated play areas – NOTE: subject to budget/cost constraints	31/03/2018
Status Update Comments	Revised Date
This is being actioned as part of the play project programme.	31/12/2022
	Future Action

South Derbyshire District Council – Audit Progress Report

PCI Compliance 2018-19	Rec. No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>The Council had not maintained an inventory of hardware and software components relating to equipment used to take card payments.</p> <p>We recommend that the Council either introduces an inventory of hardware and software components relating to equipment used to take card payments or these devices are removed in favour of alternative methods the Council uses to receive card payments.</p>	Low Risk
Management Response/Action Details	Action Date
<p>We are in the process of removing the android chip and pin devices and replacing with a single digit device. The kiosks will be replaced by December 2019 as not PCI DSS compliant beyond that date Our understanding is that firmware is incorporated with the machines</p>	01/01/2020
Status Update Comments	Revised Date
<p>The Council has undertaken a comprehensive PCI audit with a specialist consultancy. The Council no longer has active card payment hardware to collect payments at its Civic Offices and all old devices have been returned, apart from the new kiosk, which is currently out of action due to COVID and will be reviewed at the end of the six-month face-to-face trial that has been approved by Finance & Management Committee (review will take place by end of May 2022). The only site active hardware is at Rosliston and this is documented in the PCI questionnaire/accreditation documentation.</p>	<p>31/05/2022 Future Action</p>

PCI Compliance 2018-19	Rec. No. 6
Summary of Weakness / Recommendation	Risk Rating
<p>The document which outlined duties and responsibilities in terms of PCI Standards contained out-of-date references.</p> <p>We recommend that the document outlining duties and responsibilities in terms of PCI Standards is updated to reflect the Council's current structure.</p>	Low Risk
Management Response/Action Details	Action Date
<p>Procedural polices updates including communication and training to staff will be updated by Customer Services.</p>	01/04/2019
Status Update Comments	Revised Date
<p>The Council has undertaken a comprehensive PCI audit with a specialist consultancy. The resulting PCI questionnaires/accreditation and updated policies are due to be approved/submitted by 31 December 2021 and annually thereafter.</p>	<p>31/12/2021 Future Action</p>

South Derbyshire District Council – Audit Progress Report

Section 106 Agreements 2018-19	Rec. No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>The Section 106 Agreements version 8 - A guide for Developers document had not been reviewed since April 2010 and contained out-of-date information.</p> <p>We recommend that the Section 106 Agreements version 8 - A guide for Developers document should be subject to a full review and update. Going forward, this document should be subject to regular review and update.</p>	Low Risk
Management Response/Action Details	Action Date
Review to be undertaken in 2019/2020 - to produce formal supplementary planning document (statutory process) - then reviewed as part of the Local Plan process.	01/04/2019
Status Update Comments	Revised Date
This is included as a target in the Service Delivery Plan for 2021-22.	31/03/2022
	Future Action

Allocations & Homelessness 2018-19	Rec. No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>There were no formal procedure notes detailing the allocation process</p> <p>We recommend that, once a revised Allocations Policy is in place, a formal procedure note is produced detailing the allocations process.</p>	Low Risk
Management Response/Action Details	Action Date
Procedure notes to be completed after the implementation of new Housing Allocations Policy.	30/07/2019
Status Update Comments	Revised Date
The New "Jigsaw" Choice Based Lettings system is in test. Once complete and implemented procedure notes will be completed	31/03/2022
	Future Action

Fleet Management	Rec. No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>A number of policies and procedures related to vehicle management and driving were inconsistent with the current regulations, out-of-date or drafted but not formally approved.</p> <p>We recommend that the set of policies / procedures supporting the Vehicle Management Strategy are reviewed and updated to provide staff with clear instructions on the latest working practices.</p>	Low Risk
Management Response/Action Details	Action Date
All Direct Services employees have had a driving licence check and signed a declaration of fitness to drive. A briefing will be submitted to the Leadership Team to establish the preferred option for checking all employees' driving licences.	31/03/2020
Status Update Comments	Revised Date
Most policies have been reviewed and are now being updated. There has been a delay due to implementation of the recycling contract and bringing the collection service in house.	01/03/2022
	Future Action

South Derbyshire District Council – Audit Progress Report

Fleet Management	Rec. No. 6
Summary of Weakness / Recommendation	Risk Rating
<p>There was no centralised record of the drivers employed by the Council, and no centralised checks were undertaken for validity of driving licences.</p> <p>We recommend that a centralised record of all drivers operating the Council's vehicles should be maintained. This record should evidence regular checks for drivers licence information and other relevant details.</p>	Low Risk
Management Response/Action Details	Action Date
All Direct Services employees have had a driving licence check and signed a declaration of fitness to drive. A briefing will be submitted to the Leadership Team to establish the preferred option for checking all employees' driving licences.	30/06/2019
Status Update Comments	Revised Date
This is now being dealt with by the Human Resources Manager, following agreement that it is a corporate responsibility and the Head of Operational Services does not have the required access to all drivers personal details. A provider has been identified and contract arrangements agreed, although no formal commencement date has been provided.	01/01/2021 Future Action

Active Communities & Health	Rec. No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>Community consultations were not considered to be appropriately inclusive of all members of the disabled community.</p> <p>We recommend that when conducting community consultations intended to include disabled people, the Active Communities & Health team should contact a local equalities team, such as Access Derbyshire (Derbyshire County Council), for them to assess the appropriateness of the consultation document for the disabled community.</p>	Low Risk
Management Response/Action Details	Action Date
The 50+ survey is still in draft stage and all information has not been included yet. We will ensure that these are picked up for this consultation which will be launched in January 2020 all being well.	31/01/2020
Status Update Comments	Revised Date
Requested to postpone until end of June- as due to Covid situation not deemed appropriate to releases such a survey at this moment in time due to lockdown three. Hoping to release in Q1 or Q2 of 2021-22	31/08/2021 Action Due

South Derbyshire District Council – Audit Progress Report

Development Management 2018-19	Rec. No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Responses to consultations and notifications were not always effectively recorded in the planning software.</p> <p>We recommend that the use of tags within the document management facility in the new planning software, to allow consultation responses to be automatically linked to consultations sent, is implemented and tested to ensure a full audit trail is maintained.</p>	Low Risk
Management Response/Action Details	Action Date
<p>Agree that this is an ideal remedy but implementation rests on further development of software to allow for consultees, etc. to upload responses directly to the system. Training and dialogue with third parties also necessary in advance of implementation.</p>	01/09/2020
Status Update Comments	Revised Date
<p>This requires upgrade to the software and testing.</p>	01/11/2021
	Action Due

Bereavement Services 2019-20	Rec. No. 9
Summary of Weakness / Recommendation	Risk Rating
<p>Memorials inspections due in 2019 had not yet taken place.</p> <p>We recommend that the procurement of memorial safety inspections is expedited and outstanding inspections are completed promptly.</p>	Low Risk
Management Response/Action Details	Action Date
<p>Memorial Inspection Policy being updated, and programme put in place for inspections following Covid-19 pandemic and risk assessments. Draft policy April 2020. To Committee September 2020.</p>	01/10/2020
Status Update Comments	Revised Date
<p>Due to Covid inspections will be carried out when it is safe to do so but anticipate this is in 2021.</p>	31/12/2021
	Future Action

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	8 DECEMBER 2021	CATEGORY: DELEGATED
REPORT FROM:	HEAD OF LEGAL and DEMOCRATIC SERVICES	OPEN
MEMBERS' CONTACT POINT:	ARDIP KAUR (01283 595715) Ardip.kaur@southderbyshire.gov.uk	DOC: h/KS/governance/local code/update report Dec 2021
SUBJECT:	LOCAL CODE OF CORPORATE GOVERNANCE REVIEW	
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 04

1.0 Recommendation

- 1.1 That the updated Local Code of Corporate Governance as detailed in **Appendix 1** is approved.
- 1.2 That progress regarding on-going work to maintain sound governance as detailed in the report is approved.

2.0 Purpose of the Report

- 2.1 To review the Council's governance arrangements against the national framework which the Council has adopted.

3.0 Detail

Background

- 3.1 In 2016, the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published a national framework for ensuring proper and robust governance in local authorities. This was adopted by the Council in December 2016 following a review by the Audit Sub-Committee.
- 3.2 The main aim of corporate governance relates to having a system by which a local authority directs and controls its functions and relates to its local community.
- 3.3 Good corporate governance is essential in demonstrating that there is credibility and confidence in public services. Sound arrangements should be founded on openness, integrity, accountability, together with the overarching concept of leadership.

The National Framework

- 3.4 The Framework is based on a set of core principles and is intended to assist authorities individually in reviewing and accounting for their own approach.
- 3.5 The overall aim of the Governance Framework is to ensure that resources are directed in accordance with agreed priorities, that there is sound and inclusive decision making,

together with clear accountability for the use of resources to achieve intended outcomes for local communities.

- 3.6 Within the Framework, focus is also placed upon demonstrating economic, social and environment sustainability over a longer-term, together with the principles of social value.

The Core Principles

- 3.7 There are seven principles as follows:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practice in transparency, reporting and audit to deliver effective accountability.

- 3.8 Within each principle there are a series of sub-principles. Guidance with the Framework advocates a self-assessment against each of the sub-principles.

The Council's Assessment against the Framework

- 3.9 **Appendix 1** details the Council's updated assessment.

- 3.10 The assessment itself does not necessarily measure the effectiveness of the Council's Governance arrangements. The effectiveness is assessed on an on-going basis and reported annually in the Annual Governance Statement, with the Local Code ensuring sound and robust arrangements (the core elements) are in place.

- 3.11 However, areas for improvement and work-in-progress reported in the Local Code generally arise from an on-going review of the effectiveness of the core elements of the Council's governance system.

On-going Review

- 3.12 Although core elements to demonstrate good governance may be in place, they will always be subject to review and update. This may be due to changing circumstances, stakeholder expectations and external influences, together with learning and development arising from audits and service reviews, etc.

3.13 In addition, an assessment of the governance framework and ultimately its effectiveness should be made considering the main risks and challenges facing the Council. Currently, these are:

- Continuing growth of the district and its increasing population.
- The general uncertainty regarding national funding for local authorities.
- Delivering a Corporate Plan (2020 to 2024) which was adopted in October 2019.
- Adapting service delivery and working arrangements post Covid-19.

Improvements and On-Going Work

3.14 **Appendix 1** also details work completed, improvements identified, together with on-going work to ensure that the Council’s governance arrangements remain sound and robust.

3.15 The main actions approved for 2021/22 included in the Council’s Governance Statement from 2020/21 were as follows:

Action	Progress
<p>To review and update the Member’s Code of Conduct.</p> <p>Principle 1</p>	<p>Following changes at a national level which will impact the local review, the action will be completed over the remainder of the year.</p>
<p>To review outcomes from a staff survey.</p> <p>Principle 1</p>	<p>Work has progressed to undertake an employee survey, to obtain feedback on ethics, values, and culture, together with obtaining a check on communications, morale, health, and well-being of staff. It had been planned to undertake this survey in 2020/21 but was postponed until a decision has been made on working arrangements post Covid-19.</p> <p>A review of working arrangements is currently on-going with reports to the Finance and Management Committee and consultation with staff to develop a fixed/flexible working model.</p> <p>Therefore, it is now planned that the survey will be undertaken in 2022/23.</p>
<p>An Audit review of compliance with the Financial Management Code.</p> <p>Principle 4</p>	<p>In 2020, a new Code of Practice was introduced, setting a set of standards that govern financial management and to ensure that local authorities can demonstrate their financial sustainability.</p> <p>The Audit Sub-Committee considered an initial assessment against the Standards in July 2020. Of 17 individual standards, it was recognised that the Council substantially complies with 16 with only one, regarding consultation with stakeholders on the Council’s longer-term financial planning, not currently undertaken.</p>

	An independent assessment against the standards was recently undertaken by Internal Audit in accordance with their approved work programme and is being reported separately to the Audit Sub-Committee.
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4.0 Financial Implications

4.1 None

5.0 Corporate Implications

Employment Implications

5.1 None

Legal Implications

5.2 None

Corporate Plan Implications

5.3 There are no direct priorities identified in the Corporate Plan (2020 to 2024). However, “good governance” underpins everything that the Council carries out and ensuring a robust system of corporate governance is a key corporate indicator which demonstrates that the Council is operating on a sound basis.

Risk Impact

5.4 None directly from the assessment itself.

6.0 Community Implications

Consultation

6.1 None required.

Equality and Diversity Impact

6.2 None

Social Value Impact

6.3 Not applicable

Environmental Sustainability

6.4 Not applicable

7.0 Background Papers

7.1 Delivering Good Governance in Local Government; Framework and Guidance Notes 2016 Edition. (*Published by CIPFA and SOLACE*).

APPENDIX 1: LOCAL CODE OF CORPORATE GOVERNANCE: ASSESSMENT AGAINST THE NATIONAL FRAMEWORK

<p>The Principles and the Council’s systems and processes which comprise the Government Framework.</p>	<p>Improvements identified, future developments, on-going work and actions completed in 2020/21.</p>
<p>1. <u>Behaving with integrity, upholding ethical values and respecting the rule of law</u></p> <p><i>Behaving with integrity</i></p> <ul style="list-style-type: none"> • Codes of Conduct for Members and Officers. • Separate Standards Committee with Independent Persons. • Register of Interests for Gifts and Hospitality. • Process for declaration of personal interests. • Protocol on Member and Officer Relationships. • Member Codes of Practice for the Planning process, the use of ICT, Licensing Committee, and representation on outside bodies. <p><i>Demonstrating a strong commitment to ethical values</i></p> <ul style="list-style-type: none"> • Ethics Statement setting out Ethical Standards for Officers. • 3 Key Values contained in the Corporate Plan – <i>Pride, Respect and Excellence.</i> <p><i>Respecting the rule of law</i></p> <ul style="list-style-type: none"> • An overall Constitution which governs the Council • Regulatory Committees for Planning and Licensing. • Health and Safety Committee. • Statutory Section 151 (Finance) and Monitoring Officers (Legal) appointed to ensure compliance with the law, regulations, and procedures. • The Council complies with the Statement on the Role of the Section 151 Officer in Local Government, evidence of which is periodically reported to the Audit Sub Committee. 	<p>To demonstrate compliance with this Principle, the Council should work towards implementing the 15 best practice standards contained in the “Nolan” principles, as recommended by the Government Committee on Standards in Public Life.</p> <p>Although many of these principles are embedded in the Council’s Governance arrangements, the Code recommends that this is subject to a separate review.</p> <p>Work has progressed to undertake an employee survey, to obtain feedback on ethics, values, culture, together with obtaining a check on communications, morale, health and well-being of staff. It had been planned to undertake this survey in 2020/21 but was postponed until a decision has been made on working arrangements post Covid-19.</p> <p>A review of working arrangements is currently on-going with reports to the Finance and Management Committee and consultation with staff to develop a fixed/flexible working model.</p> <p>Therefore, it is now planned that the survey will be undertaken in 2022/23.</p>

2. Ensuring openness and comprehensive stakeholder engagement

Openness

- Published and transparent decision-making process through a committee system accessible to the Public.
- Communications Plan which uses media campaigns to inform the Public.
- Corporate Equalities and Fairness Scheme to ensure that access to services is available to all.

Engaging with institutional stakeholders

- Consultation Framework which includes Citizens Advice and CVS to undertake consultations and provide feedback.
- Representative groups established for major services such as Housing and Leisure.
- Parish Liaison Forum with Parish Council representatives.

Engaging with individuals and service users effectively

- Area Forums to provide the public with direct access to Members, Officers, and other agencies in the district.
- A publicised Comments, Compliments and Complaints Procedure which allows stakeholders to report feedback and raise issues. Details of complaints, etc. received are publicised on the Council’s web site and reviewed by Finance and Management Committee every six months.

Equalities, Diversity, and Inclusion: The Council is required every four years to review and publish a new Policy and demonstrate that it has due regard to the Equalities Act 2010 when delivering services. A review was undertaken in 2020 which included consultation with Members and Officers, together with interested groups and the voluntary sector. A new Strategy and Action Plan covering 2020 to 2024 was approved by the Council in February 2021. The Action plan is being monitored by the Equalities Steering Group, chaired by the Chief Executive, which includes people from outside bodies and representative groups.

Communication: In the Corporate Plan (2020 to 2024) two priorities were approved under the theme “*Our People*”. These priorities relate to ensuring consistency in approach using a customer service standard, together with making greater use of technology to engage with residents. Indicators have been agreed to measure outcomes against these priorities and they are being monitored in performance reports to the Finance and Management Committee on a quarterly basis.

Following a review by the Housing Ombudsman, the Complaints Policy and Procedure was updated and approved by Finance and Management Committee in June 2021.

3. Defining outcomes in terms of sustainable economic, social and environmental benefits

Defining outcomes

- Sustainable Community Strategy for South Derbyshire coordinated by the Council and overseen by the South Derbyshire Partnership.
- Medium-term Corporate Plan setting out the Council's vision, values, and priorities.
- Medium Term Financial Plan (MTFP) to ensure resources are aligned to priorities and that the financial position remains sustainable.

Sustainable economic, social, and environmental benefits

- Capital Investment Strategy to guide long term investment.
- Procurement Strategy to drive value for money in purchasing, together with securing environmental, economic, and social benefits where possible.
- Environmental Sustainability Group which is taking forward a range of initiatives to meet an aspiration to make the Council carbon neutral by 2030.

An update to the Contract Procedure Rules was approved by the Council in April 2021. This reflected the Council's commitment to Climate Change, providing guidance to ensure that environmental benefits are included in tender evaluation and contract management.

4. Determining the interventions (courses of action) necessary to optimise the achievement of the intended outcomes

Determining interventions

- Terms of Reference and work programs set for Council Committees.
- Corporate and Service Planning Framework to set targets and intended outcomes.
- Financial Regulations and Procedural Rules govern how public money is controlled and to ensure financial resources are deployed efficiently and effectively.

Planning interventions

- Change Management process to guide Organisational and structural change.
- Service and Financial Planning Working Group to evaluate new spending proposals.
- Business Change Framework to assess major process changes and system developments.

Optimising achievement of intended outcomes

- Annual Budget Round to review and focus resources.
- Transformation plan to prioritise major changes.
- VFM Statement is in place which sets out the principles of VFM and how it applies to the specific aims of the Council and the District. This acts as guidance to enable Officers to demonstrate how they deliver VFM in service proposals.
- This is enhanced by the requirement for an explicit demonstration of VFM to be an integral part of proposals for service development and restructures, etc.
- A VFM test is included in the Capital Evaluation process.

Financial Management Code

In 2020, a new Code of Practice was introduced, setting a set of standards that govern financial management and to ensure that local authorities can demonstrate their financial sustainability.

The Audit Sub-Committee considered an initial assessment against the Standards in July 2020. Of 17 individual standards, it was recognised that the Council substantially complies with 16 with only one, regarding consultation with stakeholders on the Council's longer-term financial planning, not currently undertaken.

An independent assessment against the standards was recently undertaken by Internal Audit in accordance with their approved work programme and will be reported separately to the Audit Sub-Committee.

<p>5. <u>Developing the entity’s capacity, including the capability of its leadership and the individuals within it</u></p> <p><i>Developing Organisational capacity</i></p> <ul style="list-style-type: none"> • An Organisational Development and Performance (ODP) Unit in place led by a Head of Service which focuses on Organisational and individual capacity, together with employee engagement. • Use of external organisations such as the LGA and the Housing Quality Network to review resources and make recommendations for improvement. • Peer Review undertaken in October 2019. <p><i>Developing leadership and individual performance</i></p> <ul style="list-style-type: none"> • Overarching Workforce Development Strategy. • A Personal Development process with annual reviews of training needs for all Officers. • Training and Development programs for Members and Officers which includes mandatory training courses, together with job specific, softer skills and wider management training as appropriate. 	<p>Workforce Development Strategy to be reviewed in 2022.</p> <p>Focus on increasing opportunities for Modern Apprentices and progress is currently being reported to the Finance and Management Committee.</p>
<p>6. <u>Managing risks and performance through robust internal control and strong public financial management</u></p> <p><i>Managing risk</i></p> <ul style="list-style-type: none"> • Risk Management Policy and Framework in place. This guides the identification and assessment of risk, together with the process for monitoring, updating, and reporting. • Business Continuity arrangements in place in accordance with the Civil Contingencies Act. This is delivered in partnership with Derbyshire County Council. 	<p>Updated Policy approved by the Audit Sub-Committee in June 2021.</p> <p>The Out of Hours process has been reviewed for reporting and escalating issues during an emergency or business continuity incident. A trial has been undertaken of a new system and it is expected that proposals for change will be reported to the Finance and Management Committee later in the year.</p>

<ul style="list-style-type: none"> • Fraud Service delivered through a Shared Service Agreement with a neighboring council. • Counter-fraud and Corruption Policy with an annual action plan. <p>Managing performance</p> <ul style="list-style-type: none"> • Performance management process with key performance indicators to measure outcomes and identify corrective action where needed. • An established Overview and Scrutiny Committee which reviews service delivery, policy and has powers to “call-in” decisions. <p>Robust internal control</p> <ul style="list-style-type: none"> • An established Audit Committee. • Independent Internal Audit function provided through partnership arrangements. • Publicised Whistleblowing Policy <p>Managing data (and ensuring compliance with the Data Protection Act 2018)</p> <ul style="list-style-type: none"> • Appointed Data Protection Officer independent of senior management. • Records Management and Document Retention Policies. • Data Quality framework which sets out how data is collected, recorded, and reported. • Compliance with the Public Services Network Standard for ICT data security. 	<p>Internal Audit undertook a review of the Council’s Anti-Fraud and Corruption procedures and reported the outcomes to the Audit-Sub Committee in June 2021. The report made three recommendations to strengthen procedures which have been implemented. Subsequently, an updated Anti-Fraud and Corruption Policy was approved by the Audit Sub-Committee in June 2021.</p>
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<p><i>Strong financial management</i></p> <ul style="list-style-type: none"> • Financial Strategy in place which sets out the management of financial resources and sets the overall financial target for the Council. • Financial monitoring and reporting process to review in year budget performance. 	
<p><u>7. Implementing good practice in transparency, reporting and audit to deliver effective accountability</u></p> <p><i>Implementing good practice in transparency</i></p> <ul style="list-style-type: none"> • Open Data reporting under the Government’s Transparency Code. • Freedom of Information Publication Scheme. <p><i>Implementing good practice in reporting</i></p> <ul style="list-style-type: none"> • Annual Report produced and publicised. • Annual Statement of Accounts detailing how public funds have been utilised. • Annual Pay Policy Statement published. • Equality and Diversity Annual Report. <p><i>Assurance and effective accountability</i></p> <ul style="list-style-type: none"> • Scheme of Delegation in place from Full Council, down to Policy Committees and through to Officers. • Senior Leadership Team and Heads of Service accountable to Members through the Committee system. • Service planning process in place which assigns responsibilities at an individual level. • All service-related action plans and recommendations from Audit have a designated responsible officer. 	<p>Updated Freedom of Information Policy and Publication Scheme approved by the Finance and Management Committee in October 2021.</p>

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	8th DECEMBER 2021	CATEGORY: RECOMMENDED
REPORT FROM:	HEAD OF LEGAL and DEMOCRATIC SERVICES	OPEN
MEMBERS' CONTACT POINT:	ARDIP KAUR (01283 595715) ardip.kaur@southderbyshire.gov.uk	DOC: h/KS/governance/AGS/2021/AGS committee report
SUBJECT:	DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21 - UPDATE	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 04

1.0 Recommendations

- 1.1 That the Draft Annual Governance Statement (updated) for 2020/21 is approved for Audit.

2.0 Purpose of Report

- 2.1 To submit the Council's Annual Governance Statement (AGS) for 2020/21 in accordance with the Accounts and Audit Regulations 2003 (as amended).
- 2.2 This version, which was initially approved by the Committee in June 2021, is currently still in Draft. It has been updated ahead of a review by External Audit which is currently taking place.

3.0 Detail

Background

- 3.1 Due to the delay in External Audit undertaking their work on the 2020/21 Accounts, the AGS remains a live document and is kept under review.
- 3.2 The Statement approved by the Committee has not changed significantly, but has been updated to cover:
- On-going matters relating to Covid-19.
 - The latest report issued to the Council by the Local Government and Social Care Ombudsman, which was considered by the Council on 4 November 2021.

4.0 Financial Implications

- 4.1 None

5.0 Corporate Implications

- 5.1 Corporate governance affects the whole authority and as part of the process, all members of senior management have been consulted and made aware of its contents. Generally, senior managers are briefed at corporate meetings in respect of governance generally, together with the AGS.
- 5.2 Maintaining good governance underpins delivery of the priorities contained in the Corporate Plan.

6.0 Community Implications

- 6.1 The AGS is designed to act as a public assurance statement that the Council has a sound system of corporate governance, designed to help deliver services in a proper, inclusive, open and accountable manner.

GOVERNANCE STATEMENT 2020/2021

Good Governance

Ethics and Values

Engagement

Development

Decision Making

Leadership

Risk Management

Reporting



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INTRODUCTION

Welcome to the Council’s Annual Governance Statement for 2020/2021.

As a public authority, the Council is responsible for ensuring that its business:

- ✓ Is conducted in accordance with the law.
- ✓ Operates to the highest standards in public life.
- ✓ Accounts for public resources in an open and transparent manner.

The Council also has a duty to secure continuous improvement in the way in which its functions and services are delivered and to achieve value for money for the Taxpayer.

To meet these objectives, the Council is expected to have the highest possible governance arrangements in place.

Governance is about how the Council runs its business and it underpins everything that the Council achieves; without robust arrangements, there is a greater risk that failures will occur.

Good corporate governance is essential in demonstrating that there is credibility and confidence in public services. Sound arrangements should be founded on:

- Openness
- Integrity
- Accountability
- Leadership

The Council’s Governance Framework

The Council adopts a Local Code of Corporate Governance. This sets out the System, which details the associated policies, processes and regulations, etc. which make up the Governance Framework at the Council.

The Governance System is based on established national guidance and is formed on **seven principles**.

The Principles	What this means
Principle 1: Behaving with integrity	Elected Members and Council Officers acting in accordance with national standards regarding Public Office.
Principle 2: Engaging with stakeholders	Keeping residents, businesses and other interested parties, etc. informed and seeking feedback through consultation.
Principle 3: Setting clear objectives	Having medium term business and financial strategies in place that provide for the sustainability and development of services.
Principle 4: Having positive interventions	The detailed plans and procedures, such as terms of reference for decision-making, a change management process and an annual budget, etc. which ensure that objectives are met.
Principle 5: Leadership and capacity	Clear direction from senior management and that adequate, trained and empowered staff are in place to deliver services.
Principle 6: Managing risks and performance	Having robust internal control and strong financial management to ensure that risk is mitigated, data is secure, and performance is regularly monitored.
Principle 7: Good reporting and transparency	Assigning clear accountability and reporting lines, allowing access to information and reporting performance on a regular basis.



Update and Review

The detailed System which demonstrates compliance with these principles, is reported to and reviewed by the Council’s Audit Sub Committee half yearly. The reports for 2020/21:

[December 2020 June 2021](#)

provided a regular update on changes and on-going work, which ensured the Council’s Governance Framework remains fit for purpose.

The detailed Framework and how the Council complies is detailed in [Appendix 1](#).

This Framework was in place from 1 April 2020 and up to and including when this Statement was published, following a review by External Audit in [\(tbc\)](#)

A Changing Environment

Although the seven basic principles generally remain unchanged, ensuring compliance always requires regular review. The Council operates in a changing environment where external factors can affect how it operates. In turn, this can affect its Governance System.

Risks and Challenges

Governance must also be reviewed in the light of strategic risks and challenges facing the Council. The following key risks have been identified which have an impact on the Council’s Governance Framework.

Risk	Challenge	Effect on Governance
Continuing growth of the District and an increasing population	The Council is a designated growth area with a Local Plan target of 13,000 new homes between 2010 and 2028. This is increasing the local population and changing the demographics of the District.	Principle 2 As more people contact the Council, it is providing opportunities for developing more efficient interaction with customers through digital channels, where this is preferred.
Government Funding	The continuing uncertainty of the Local Government Funding System from 2022. The Council is at risk arising from changes to the current distribution of the New Homes Bonus and Retained Business Rates.	Principle 3 The Council will need to maintain a sustainable financial position through its Medium-Term Financial Plan (MTFP) if it is to deliver the priorities in the Corporate Plan.
New Corporate Plan adopted in November 2019	An ambitious plan to achieve targets regarding the Climate, Environment, Transformation and the local economy. During 2020/21, the Council approved detailed Transformation and Climate Action Plans to deliver its ambitions in these areas.	Principle 4 This has brought the Transformation Agenda to the fore to enable change to be delivered. Principle 5 It has also focused the Council towards Organisational Development to ensure sufficient capacity, together with a skilled and informed workforce is available.
Coronavirus Pandemic (Covid-19)	Business Continuity arrangements have and continue to bring about changes to working practices and the democratic decision-making process. There is also the potential longer-term effect on the Council’s finances.	Principle 2 Decision-making through the democratic process was undertaken remotely in 2020/21 using virtual technology. Principle 6 The Pandemic invoked the Council’s Business Continuity arrangements



Developments in the Year

The challenges specifically identified above brought about a series of developments during 2020/21, in addition to other matters that arose. Resulting actions and on-going work are all designed to strengthen the Council's Governance System.

A new Strategy and Action Plan covering 2020 to 2024 was approved by the Council in February 2021. The Action plan is being monitored by the Equalities Steering Group, which includes representatives from outside and stakeholder bodies.

Principle 1: Ethical Values

Following adoption of a new Corporate Plan in November 2019, 3 key values emerged to support the delivery of the Plan.

*Following staff training sessions in 2019/20, the Values (**Pride, respect and Excellence**) were embedded into the Council's Personal Development Review process in 2020/21.*

It had been planned to undertake a staff survey in 2020/21 to gauge an understanding of the Council's values and organisational culture.

However, this was postponed until a decision has been made on working arrangements post Covid. It is now anticipated that the survey will be undertaken 2022/23.

Principle 3: Sustainable Outcomes

To support outcomes in the Corporate Plan, the Council's Asset Management and Procurement Strategies were reviewed and updated in July 2020.

An update to the Contract Procedure Rules was also approved by the Council in April 2021. This reflected the Council's commitment to Climate Change, providing guidance to ensure that environmental benefits are included in tender evaluation and contract management.

Principle 4: Interventions

The Council complies with a national Financial Management Code which contains a range of professional standards designed to ensure financial capacity and resilience. Following an initial assessment in July 2020, an internal audit review of compliance is planned for later in 2021.

In addition, the Council approved a four-year Transformation Plan in July 2020. and various projects were delivered as part of the first-year plan in accordance with an established Business Change process. Cloud-based upgrades to the Finance and Revenues systems, together with the implementation of a Route Optimisation System for Refuse vehicles, are designed to deliver greater efficiencies in service delivery.

Principle 2: Engagement

The Council is required every four years to review and publish a Strategy which demonstrates that it has due regard to the Equalities Act 2010 when delivering services. A review was undertaken in 2020 which included consultation with Members and Officers, together with external stakeholders and the voluntary sector.



Principle 6: Risk Management

Work during the year focused on the Risk Management System itself, together with specific reviews of emergency planning and anti-fraud and corruption.

Audit work was undertaken to review the effectiveness of the Council’s Risk Management arrangements. Four recommendations to improve the Council’s process were implemented and an updated Policy Document was approved in June 2021.

The Out of Hours and Emergency Contact process was reviewed for reporting and escalating issues during an emergency or business continuity incident. A trial is has been undertaken to assess the effectiveness of a new system and it is expected that proposals for a long-term solution will be considered during 2022.

Internal Audit also undertook a review during the year of the Council’s Anti-Fraud and Corruption procedures.

Their report made two recommendations to strengthen procedures, and an updated Anti-Fraud and Corruption Policy was approved in June 2021.

Principle 7: Reporting

Due to Covid 19, the Council continued to conduct meetings via video/tele-conferencing in 2020/21, until legislation was rescinded in May 2021.

Coronavirus Pandemic (Covid-19)

Following publication of the Governance Statement for 2019/20, which reported in detail the impact of Covid 19 on the Council’s services, revised working arrangements became embedded during 2020/21.

By March 2021, homeworking had been established for 12 months and with previous investment in technology, this enabled services and functions to operate fairly normally.

Operational services such as Waste Collection and Housing continued to be delivered, albeit with some changes in order to comply with Covid Health and Safety requirements.

Although homeworking provided more flexible working arrangements for staff and reduced the Council’s “grey mileage”, it potentially impacted on the health and well-being of some staff who worked remotely.

This was considered to be a risk to individual performance, capacity and overall service delivery.

Consequently, the Council ensured appropriate resources were in place to support managers and staff through communications, video links, sharing experiences, etc. In addition, mental health first aiders were made available to support staff where necessary.



Lessons Learnt

Following the ending of national restrictions in July 2021, the Council has been developing a future working model based on “lessons learnt”.

This initiative is focusing on the future working environment and site locations, together with options of future service delivery.

The Council is keen to ensure that the benefits of new working arrangements are continued as much as possible.

Dealing with the pandemic has provided opportunities for more agile/flexible/hybrid working which is hoped will create efficiencies and increase effectiveness in service provision.

As part of the options appraisal, consideration is being given to the health and well-being of staff, IT requirements and potential implications on employment contracts.

Customer Contact Post Covid 19

Although the main Civic Offices remain closed, the Council continues to deal with people face-to-face where this is required.

To-date, the number of people visiting the Offices remains low and it is not considered cost-effective, nor safe, to fully open the Offices given the current demand.

Face to Face Contact

Therefore, in October 2021, the Council approved a six-month trial to effectively continue current arrangements more formally.

During the trial, the Council is consulting with residents and other stakeholders to gather feedback on the longer-term arrangements. It is expected that the trial will report back in May 2022.

In meantime, work continues on developing other methods of communication over the telephone, and the Council’s website.

Customer Contact During Covid

Contact with residents and customers face-to-face, was very limited in 2020/21 with special measures put in place to observe safe distancing where contact, for example with vulnerable people and when entering people’s homes, was unavoidable.

Consequently, there was a greater contact with people by telephone, e-mail and over the Internet to deal with queries, make enquiries and payments, etc.

Decision Making During Covid

Section 78 of the Coronavirus Act 2020 enabled Committee meetings to be conducted remotely. The Council used the Teams functionality in Microsoft 365.

All meetings were broadcast and recorded over the Internet so that the decision-making process remained open and transparent.

Due to the rescinding of legislation, meetings were again held in public buildings from May 2021, to allow a physical presence by Elected Members when debating and voting on issues.



The Council's Wider Role During Covid

Covid brought to the fore the Council's wider Leadership role in the local community, for example:

- ✓ Supporting voluntary groups with food parcels and distributing supplies to local residents.
- ✓ Providing buildings for NHS test centres.
- ✓ Administering and paying out various grants to local businesses and individuals from funding provided by the Government.
- ✓ Providing financial support to local community and charitable organisations who were not eligible for other funding.
- ✓ Supporting local business with safe ways of operating during Covid.
- ✓ Taking enforcement action where necessary.
- ✓ The dissemination of general public health messages and being a contact point for concerned residents and businesses.

The Financial Implications of Covid-19.

The impact of the Pandemic affected the Council's own finances through additional expenditure and loss of expected income compared to that budgeted.

For example, additional costs were incurred on providing PPE, and to provide additional resources in the form of personnel, equipment and vehicles, etc. to ensure services could still operate

during Covid in accordance with health and safety guidelines.

Normal income levels reduced mainly due to the curtailment of leisure activities and by subsidising local leisure centres.

However, the overall cost of these additional measures was met by Government funding of approximately £1.4 million and currently, this is meeting all costs incurred during 2019/20 and 2020/21.

At this stage, the longer-term impact is still not known, and it is considered that this will depend on key two factors.

<p>The longer-term impact of people's ability to pay Council Tax and Business Rates following the easing of restrictions.</p>	<p>The knock-on effects to the national and local economies and how this may then affect future local government financial settlements.</p>
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However, the Council's medium-term financial position over the next two years remains relatively strong based on current forecasts, but this is being kept under review pending additional cost pressures.

In the meantime, the Council has approved that no new spending will be approved until any further implications of the financial position becomes clearer in 2021/22.



Propriety in the Conduct of Council Business

An indication of how well the Council is performing, is to review any propriety matters that arose in the year, i.e. how well does the Council, its Members and Officers behave compared to accepted standards, values and the rule of law.

An overview for 2020/21 is provided below.

- ✓ **Codes of Conduct:** no reported breaches
- ✓ **Register of Interests:** no issues raised
- ✓ **Whistleblowing:** no matters arose
- ✓ **ICT Security:** No major incidents reported. A global hack of Microsoft systems in March 2021 did affect the Council, although extra security measures were put in place to strengthen the Council's server platform.
- ✓ **Data Protection:** no reported incidents to the Information Commissioner
- ✓ **Litigation:** none and no issues pending
- ✓ **Fraud and Corruption:** there were no reported incidents in the year, either internally or from external sources, against the Council.

<p>Complaints to the Local Government and Social Care Ombudsman</p> <p>The Ombudsman's most recent Report highlighted four complaints about the Council in 2020/21, of which none were upheld.</p>	<p>The Ombudsman's Office made decisions on 4 complaints about the Council in 2020/21. Of these complaints, 2 were closed after initial enquiries, 1 complaint was referred back for local resolution, and advice was given for 1 complaint</p>
<p>Health and Safety (H&S)</p> <p>There were two reportable incidents under H&S Regulations in the year. However, none of them required any further investigation by the HSE</p>	<p>However, the Council undertook its own investigation in each case and updated procedures and training where this was necessary.</p> <p>The HSE also undertook four audits during the year at the Depot (2) Forestry Centre and Civic Offices, the later to ensure that it was Covid compliant.</p> <p>In each investigation, no issues were raised regarding compliance, or which contravened H&S regulations.</p>
<p>Business Continuity</p> <p>Being able to maintain public services is vital in an emergency</p> <p>Under the Civil Contingencies Act 2004, the Council is required to have updated plans in place and to regularly review and test these plans alongside other agencies.</p>	<p>In March 2021, the Council's Kerbside Recycling Contractor, who undertook collections, went into administration.</p> <p>The Council implemented its contingency arrangements and mobilised resources, successfully managing to continue the service in-house.</p>



Internal Audit

From its work, Internal Audit provide a form of assurance regarding the Council’s internal control environment.

During the year, Internal Audit completed 25 audit assignments.

All audits reported either a “**Reasonable or Substantial**” rating, although two of these audits did not attract a rating as the work involved advisory or effectiveness reviews, rather than an assessment of the internal control environment.

The outcome of these audits, together with the implementation and tracking of recommended actions, are monitored by the Audit Sub-Committee.

Opinion of Internal Audit

The Chief Audit Executive reported to the Audit Sub-Committee on 28 June 2021.

“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.”**

External Audit Opinion

To be inserted following Audit

Is Current Governance Effective

The Council considers that its System is effective and fit for purpose but is not complacent and continues to face challenges as highlighted in this Statement.

Test of Effectiveness

The Local Code	✓ Up-to-date and regularly reviewed.
Work Plan	✓ Completed during the year to strengthen Governance in response to risks and challenges.
Financial Management	✓ In all material aspects, the Council complied with CIPFA’s Financial Management Code.
Internal Audit	<ul style="list-style-type: none"> ✓ The Chief Audit Executive reached an overall opinion in 2020/2021, that there is a satisfactory system of Governance, Risk and Internal Control. ✓ The Internal Audit Service generally conformed to the Public Sector Internal Auditing Standards.
External Audit (Opinions)	<ul style="list-style-type: none"> ✓ The Accounts and Financial Statements Tbc. ✓ VFM and Governance Tbc.
On-going Development	✓ An approved plan for 2021/22 to maintain good Governance.
Propriety	✓ No major issues and recommended actions arising from external reviews were implemented.



Action Plan 2021/22

The Council operates within a changing environment with constant development in ICT, together with demand on its services due to the significant growth of the District. In addition, the impact of Covid-19 has itself brought about change.

Frank McArdle (Chief Executive)

Consequently, besides on-going work already being progressed, the following reviews and action will be undertaken in 2021/22.

Councillor Kevin Richards (Leader of the Council)

The Action Plan

Principle	Action
Behaving with Integrity (P1)	To review and update the Member’s Code of Conduct.
Demonstrating Ethical Values (P1)	To review outcomes from a staff survey.
Determining Interventions (P4)	An Audit review of compliance with the Financial Management Code.

And Finally, Council Sign-off

On behalf of the Council, we are satisfied that our current Governance arrangements remain effective and fit for purpose and that appropriate actions are in place to maintain good Governance at the Council.

We commend the good practice highlighted in this Statement but do not remain complacent given issues and challenges also highlighted. Based on the information reported to us, we therefore commend the Governance Statement for 2020/21 for approval.



REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	8th DECEMBER 2021	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	DOC: h/KS/live files/audit committee/audit appointments/ASC Dec 21
SUBJECT:	APPOINTMENT OF AN EXTERNAL AUDITOR 2023/24 to 2027/28	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 04

1.0 Recommendations

- 1.1 That the Council opts into the national procurement framework for the appointment of its External Auditor from the financial year 2023/24 and this is recommended to Full Council on 13 January 2022.

2.0 Purpose of the Report

- 2.1 To consider whether the Council remains opted-in to the national procurement framework for the appointment of its External Auditor, which will commence for five years from 1 April 2023.

3.0 Detail

- 3.1 Following the abolition of the Audit Commission on 31 March 2015, the responsibility for managing the local government audit process was transferred to the Public Sector Audit Appointments (PSAA) a government appointed agency.
- 3.2 The PSAA's responsibilities, as a recognised appointing body under the Local Audit and Accountability Act 2014, includes appointing external auditors for applicable public sector bodies. The Act also allows local authorities to appoint their own auditors in accordance with procurement regulations.
- 3.3 Previously, auditors were appointed and assigned to councils directly by the Audit Commission. The Commission also set audit fees.
- 3.4 However, due to concerns regarding the cost of external audit at that time, the legislation introduced a competitive element into the appointment of external auditors.
- 3.5 The legislation gives councils flexibility to make appointments alone, in collaboration with other councils, or the appointment can be made through the specified appointing body, i.e., the PSAA.

- 3.6 The appointment of auditors under this process became effective from the financial years 2018/19. During 2016/17, the PSAA introduced a national procurement framework for appointments and invited all councils to opt into this process.
- 3.7 Along with almost every other council in England, the Council agreed to opt-in.
- 3.8 At that time, it was considered that a sector wide procurement conducted by the PSAA would produce a more cost-effective method of appointing auditors. The benefits were considered to be:
- Assurance that auditor appointments would be completed in a proper and timely manner.
 - The independence of auditors would be maintained.
 - More competitive pricing would likely be achieved.
 - No procurement costs involved for individual councils.
 - It would save time and resources on setting up and administering an Audit Panel, which is required if a council wishes to appoint its own auditor.

Independent Audit Panels

- 3.9 If a council wishes to appoint its own auditor, it is required to establish a local independent audit panel. A panel assumes the role of an appointed body and is responsible for considering and recommending an external auditor to the Council. It also monitors and manages the relationship with the external auditor.
- 3.10 A panel could be the local Audit or Governance Committee if it can be demonstrated that this Committee is independent for this purpose.
- 3.11 The 2014 Act specifies that to demonstrate independence, a panel must consist of a majority of independent persons and be chaired by an independent person, i.e. not a council officer, elected member or any person connected to them.

Appointment of Auditors for 2018/19 to 2022/23

- 3.12 Under the new procurement framework, the PSAA received and evaluated tenders from several audit bodies. Consequently, five firms were appointed, and the contract was shared amongst opted-in bodies in lots.
- 3.13 The Council's appointed auditors under this framework are Ernst and Young (EY) and are contracted to the Council until 2022/23. As part of the process, the PSAA are required to consult on and then set a scale of fees for audit, which opted-in councils are required to pay.
- 3.14 At the outset of this Contract, the cost of external audit to local authorities reduced and has continued to do so over the intervening years. This was based on prices submitted by the audit firms as part of the tender process.
- 3.15 The cost of external audit to the Council prior to the current contract was approximately £50,000 per year. This has since fallen by 25% to approximately £37,000 per year and is set to reduce further by 2022/23, as it currently stands.

Issues within the Current Public Sector Audit

- 3.16 Including reports and briefings to this Committee, it has been widely reported that over the last two to three years, the quality and timeliness of external audits has fallen significantly. This has to some extent been exacerbated by Covid 19 and the introduction of additional regulation through accounting and reporting standards for councils, all of which have placed a greater burden on auditors.
- 3.17 However, it is also recognised that there has been an underlying and systemic problem in the sector for some time, affecting most audit firms. Increasingly, audit firms have been hit with resourcing issues, some of which may be a consequence of the pricing in existing contracts, which although tendered and contracted, do not appear sustainable in the long term under current arrangements.
- 3.18 These issues have been recognised and borne out in several Government led reviews into the sector over the last year. The Government have accepted a host of recommendations regarding governance, financial reporting, and standards, etc. which are in the process of being reviewed and worked through.
- 3.19 It is considered that major reform will arise in the external audit sector for public authorities, and it seems inevitable that at some point, the price of audit fees will increase from their current level.

Appointment of Auditors for the Period 2023/24 to 2027/28

- 3.20 In the meantime, councils are being asked by the PSAA whether they wish to opt-in to the next procurement round. To enable the PSAA to conduct a timely procurement exercise during 2022, they have set a deadline of 11 March 2022 for councils to signify their intentions.
- 3.21 The PSAA are clearly aware of the current issues and are keen to address these in the procurement exercise. The prices submitted by bidders through the procurement will still be the key determinant of the value of audit fees paid by opted-in bodies.

The PSAA's Outline Prospectus/Strategy

- 3.22 The PSAA have been in contact with all opted-in councils to outline the aims of the procurement process. As part of this, the PSAA are committed to helping the sector become sustainable and to once again deliver timely and quality audits. In particular by:
- Seeking to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies.
 - Continuing to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (*pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme*).
 - Continuing to minimise its own costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total of £3.5million to relevant bodies and in 2020 a further £5.6million was returned, the Council's share being approximately £5,000 to £10,000 per year.

- 3.23 PSAA are seeking to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit.
- 3.24 Where regulatory changes are being implemented which affect the amount of audit work firms must undertake, firms will be informed as to which developments should be priced into their bids.

Factors to Consider

- 3.25 The scope of a local government audit is heavily regulated. It is fixed and is determined by a Code of Audit Practice. The format of financial statements is also fixed, and the application of auditing standards are regulated by the Financial Reporting Council.
- 3.26 These factors apply to all audits irrespective of whether a council decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake which have a bearing on the actual fees.
- 3.27 There are currently **nine** audit providers who are eligible to audit local authorities and other relevant bodies under Audit Legislation. This means that a local or a stand-alone procurement exercise, would be seeking tenders from the same firms as the national procurement exercise.
- 3.28 Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.
- 3.29 Although there have clearly been problems with external audit which have been a huge frustration for many councils, it is still considered that the reasons for opting-in to the national procurement (as highlighted earlier in the report) are still valid.
- 3.30 Many other authorities have already indicated that they will be opting in again. Informal discussions with other Derbyshire authorities, have also indicated the same.
- 3.31 Some discussions have also taken place regarding a regional procurement, but again it is considered that this would not be beneficial compared to a national procurement exercise and there seems little appetite to pursue this option amongst authorities.
- 3.32 Therefore, there would seem little point in the Council pursuing its own procurement as potentially it could spend disproportionate resources appointing an audit firm (assuming bids were received) and then managing the successful firm through an audit panel.
- 3.33 Under Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, a final decision to opt-in must be taken by Full Council. PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

4.0 Financial Implications

- 4.1 There is a risk that current audit fees could increase when the current Contract ends. It is acknowledged that the scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the external audit market.
- 4.2 By opting into a collective procurement, this provides more opportunity to ensure fees are as realistic and competitive as possible.
- 4.3 If the national scheme is not used, some additional resource will be needed to establish an audit panel and conduct a local procurement.

5.0 Corporate Implications

Risk

- 5.1 The main risks are that the Council:
- Fails to appoint an auditor in accordance with the requirements and timing specified in legislation.
 - Does not achieve value for money in the appointment process.
- 5.2 It is considered that these risks are best mitigated by opting into the national process.

Legal Implications

- 5.3 Section 7 of the Local Audit and Accountability Act 2014 requires a relevant body to appoint an external auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
- 5.4 Section 8 governs the procedure for appointment as highlighted in the report.
- 5.5 Section 12 makes provision for the failure to appoint an external auditor. A council must immediately inform the Secretary of State, who may direct a council to appoint the auditor named in a direction or appoint an auditor on behalf of a council.
- 5.6 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016, the Secretary of State specified PSAA as the appointing person.

6.0 Community Implications

- 6.1 None directly.

7.0 Background Papers

- 7.1 The Audit and Accountability Act 2014

<http://www.legislation.gov.uk/ukpga/2014/2/contents/enacted/data.htm>

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM:10
DATE OF MEETING:	8 th DECEMBER 2021	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR FOR CORPORATE RESOURCES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (5811)	DOC:
SUBJECT:	DATA QUALITY & PERFORMANCE MANAGEMENT	
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 04

1.0 Recommendations

- 1.1 That Members note the Data Quality and Performance Management Audit report provided in **(Appendix A)** which was carried out in October 2021.
- 1.2 That the completed Action Plan for 2020/21 following the audit undertaken in June 2019 **(Appendix B)** is noted.
- 1.3 That risk CR15 Quality of Performance Data is removed from the Corporate Risk register as all recommendations have been actioned and no further recommendations have been made following the recent audit. This is no longer considered a risk.

2.0 Purpose of the Report

- 2.1 To offer assurance that adequate processes and levels of control are in place to uphold high standards of Corporate Performance data quality.

3.0 Executive summary

- 3.1 Central Midlands Audit Partnership (CMAP) carried out an audit of Corporate Data Quality and Performance Management in October 2021 to provide assurance that suitable governance arrangements for managing and monitoring performance data quality were in place, and that robust processes were in place to ensure the overall accuracy and validity of reported performance data.

4.0 Detail

- 4.1 The audit examined three main control objectives, these were data quality governance arrangements, management of individual performance indicators and quality checks. Nineteen controls across the three objectives were evaluated.



- 4.2 Seven controls were evaluated around the suitable governance arrangements in place for the successful management and monitoring of data quality throughout the authority and the report found all seven to be adequately controlled.
- 4.3 Six controls were evaluated around the robust processes for managing individual performance indicators and ensuring the accuracy of the reported performance figures. The report found all six to be adequately controlled.
- 4.4 Six controls were evaluated around the adequate quality checks in place for ensuring the validity of the performance data and the resulting data trail. The report found all six to be adequately controlled.
- 4.5 The report contained no recommendations, as no key control weaknesses were identified, and the report offered the highest assurance rating of 'substantial assurance' that all areas reviewed were found to be adequately controlled.
- 4.6 Members should note that there are no adverse implications for the Council's Annual Governance Statement arising from the audit.

5.0 Financial and Implications

- 5.1 There are no direct financial implications associated with this report.

6.0 Corporate Implications

The Performance Management Framework sets out how we will collect data in order to manage our performance and set priorities. This requires all services to ensure that accurate and reliable data is produced.

6.1 Employment Implications

There are no direct employment implications associated with this report.

6.2 Legal Implications

There are no direct legal implications associated with this report.

6.3 Corporate Plan Implications

Good performance data quality ensures decisions regarding services and their performance are made in an accountable and transparent manner. This enables residents and stakeholders to understand achievements towards the delivery of the Council's Corporate Plan 2020-2024.

6.4 Risk Impact

The Council's Risk Registers are reviewed quarterly and reported to the Finance and Management Committee, Housing and Community Services Committee and



Environment and Development Services as part of the Corporate Plan Performance Reports.

Following the audit, it is recommended that the risk on the Corporate Risk register CR15 - is removed as this is no longer considered a risk.

7.0 Community Impact

7.1 Consultation

None required.

7.2 Equality and Diversity Impact

Not applicable in the context of the report.

7.3 Social Value Impact

Not applicable in the context of the report.

7.4 Environmental Sustainability

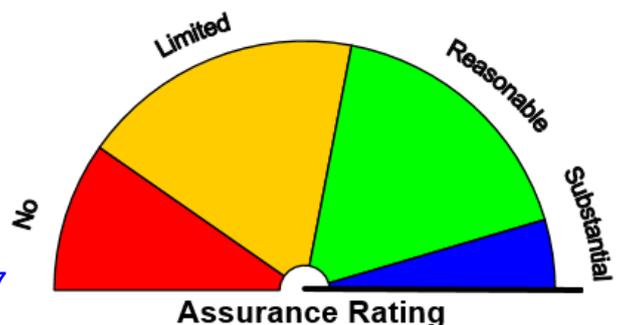
Not applicable in the context of the report.

8.0 Appendices

Appendix A – Data Quality and Performance Management Audit Report
Appendix B – Completed Action plan for 2020/2021



South Derbyshire DC – Data Quality & Performance Management Final Audit Report



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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Table of Contents

1	Executive Summary	4
1.1	Scope of Audit	4
1.2	Summary of Audit Findings	4
1.3	Summary of Control Assurance Provided	4
1.4	Distribution & Communication	4
2	Positive Assurance	5
2.2	Data Quality Governance Arrangements	5
2.3	Management of Individual Performance Indicators	6
2.4	Quality Checks.....	6

1 Executive Summary

1.1 Scope of Audit

- 1.1.1 This audit focused on providing assurance that suitable governance arrangements for managing and monitoring data quality were in place, and that robust processes were in place to ensure the overall accuracy and validity of reported performance data.

1.2 Summary of Audit Findings

Control Objectives Examined	No of Controls Evaluated	No of Adequate Controls	No of Partial Controls	No of Weak Controls
There are suitable governance arrangements in place for the successful management and monitoring of data quality throughout the authority.	7	7	0	0
There are robust processes for managing individual performance indicators and ensuring the accuracy of the reported performance figures.	6	6	0	0
There are adequate quality checks in place for ensuring the validity of the performance data and the resulting data trail.	6	6	0	0
TOTALS	19	19	0	0

This report contains no recommendations, as no key control weaknesses were identified by the audit review.

1.3 Summary of Control Assurance Provided

- 1.3.1 **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

Management and the Audit Committee should note that there are no adverse implications for the organisation's Annual Governance Statement arising from this work.

1.4 Distribution & Communication

- 1.4.1 The draft version of this report was issued to Fiona Pittam, Head of Organisational Development and Performance for comment.

This final version will be issued to Kevin Stackhouse, Strategic Director (Corporate Resources) with copies to:

- Fiona Pittam, Head of Organisational Development and Performance.
- Jenny Doughty, Corporate Performance and Policy Officer.
- Clare Booth, Corporate Performance and Policy Officer.

This report was produced by Lynne Parkin, Principal Auditor and Adrian Manifold, Audit Manager. Any enquiry concerning the content of this report or associated issues may be made to Lynne Parkin, Principal Auditor on 01332 643258.

2 Positive Assurance

2.1.1 We attempted to establish whether the Council's system of controls for the following areas contained all the key controls expected of a sound and robust process. Through a combination of control evaluation and testing we confirmed that the following adequate controls were in operation:

2.2 Data Quality Governance Arrangements

- The Council had established a Performance Management Framework to provide guidance on the Council's approach to managing performance. Its content had been designed and developed to provide consistent direction in the way the Council "*managed, monitored, reviewed and reported*" performance such that this would serve to assist the Council in delivering its priorities identified in its Corporate Plan 2020-2024. The framework document had been reviewed and refreshed in December 2020 and set out how the performance management framework consisted of three levels, along with comprehensive details regarding key roles and responsibilities, from elected Members to employees. It also provided explanations on how performance would be monitored as well as a detailed description of the review process and the different levels at which reviews would be undertaken prior to performance reports being submitted to the Council's policy Committees. Within the Performance Management Framework, a section specific to Data Quality had been included. This formally recognised the requirement for reliable, accurate data as part of the framework on which performance was monitored and decisions were made.
- We found that the Finance and Management Committee was responsible for overseeing the Council's Performance Management Framework. This was in accordance with Part 3, Section 20 of the Council's Constitution regarding "*Responsibilities for Functions – Committees*". We confirmed that Performance Reports were provided to the committee on a quarterly basis and reported the progress that had been made against the targets set out in the Corporate Plan 2020 – 2024. Whilst the Finance and Management Committee had overall responsibility for overseeing the Performance Management Framework, we confirmed that quarterly update reports were also provided to both the Council's Environmental and Development Services Committee and the Housing and Community Services Committee as part of their responsibility for overseeing the performance measures in their service areas.
- We found that the two Corporate Performance and Policy Officers, based within the Council's Organisational Development and Performance service area were the designated officers responsible for "*co-ordinating and managing the quarterly performance process and reporting*". The full extent of the officer's roles and responsibilities had been formally recorded within the Performance Management Framework.
- The development of the Corporate Plan 2020–2024 began with workshops being held with employees suggesting ideas for Council priorities. This was followed by consultation with Heads of Service and Members to identify and agree the Council's key corporate priorities. Once the corporate priorities had been agreed, the Corporate Performance and Policy Officers met with each individual service area to determine and establish the individual performance measures and targets, based on consideration of and asking the question "*what does good look like?*".
- We reviewed the performance indicators listed in the Council's performance dashboard to confirm that targets had been set that allowed a specific assessment of performance to be made. Whilst we identified that some indicators were based on projects, these had decreased in number considerably since the last audit review in 2019-20 and now only accounted for a small number of the Council's corporate performance indicators. Furthermore, where indicators were based on projects, targets had been set against the delivery of action plans to provide a meaningful measure of success.
- We confirmed that the Council had included a risk regarding the quality of performance data within its Strategic Risk Register. Mitigating actions were recorded and included reference to implementation of recommendations from an Internal Audit review undertaken in September 2019 along with annual quality audits, completed either by officers at the Council or Internal Audit. The Strategic Risk Register was reviewed by the Finance and Management Committee on a quarterly basis.

2.3 Management of Individual Performance Indicators

- In accordance with the Performance Management Framework, Heads of Service were the designated officers who were “*accountable for the delivery of performance indicators in the Corporate and Service Plans*”. A review of the indicators listed in the performance dashboard confirmed that the name of a Head of Service had been allocated to each performance indicator.
- We reviewed the Performance Dashboard to ensure separate officers assigned the roles of Data Collector and Head of Service (as the Accountable Officer), had been identified for each performance indicator. Whilst overall, we could confirm that Data Collectors and Heads of Service had been assigned to each performance indicator, we observed three indicators whereby the same officer had been identified as taking on all three roles of Data Collector, Data Reviewer and the Head of Service. The Performance Management Framework set out the different roles and responsibilities of these specific roles and stipulated that whilst a “*Data reviewer should be either a Head of Service, Manager or Team Leader*” the “*Data Reviewer should be separate to the Data Collector*”. We queried this issue with the Corporate Performance and Policy Officer who provided a satisfactory explanation regarding the circumstances and arrangements in place in respect of these three specific indicators. We also noted two performance indicators whereby no specific named officer had been assigned as the Data Collector with “*To be arranged*” having been recorded within the performance dashboard. This was also queried with the aforementioned officer who explained that the designated Data Collector post was currently vacant and yet to be recruited to. The information on the performance dashboard was updated following communication with the relevant Head of Service in respect of this issue.
- To ensure consistency in defining and calculating corporate performance measures, we found that methodology statements were created for each performance indicator and recorded a “*Definition of the measure, Summary of measurement and Collection interval*”. These headings included details regarding where to obtain the data from, instructions on the calculation and the intervals for reporting, as a means of monitoring performance.
- We contacted a sample of 4 Heads of Service who were the designated Accountable Officers for a random sample of 8 corporate performance indicators (2 each). All confirmed that evidence was retained to support the calculated performance figures. Three Heads of Service either supplied information in support of the performance indicator or advised where the evidence was stored.
- Of the 8 corporate performance indicators sampled, we were advised that 4 relied on information supplied by a source external to the Council. However, where performance data was being supplied by an external organisation these bodies were generally, either the source of data generation or the national body responsible for the particular area. There was therefore no further requirement for data validation.

2.4 Quality Checks

- We found that the Corporate Performance and Policy Officers had delivered several group training sessions to officers involved in the performance reporting process. The sessions were targeted at those officers who had been designated as a Data Collector or a Data Reviewer. The aim was to provide a clear channel of communication in respect of the requirements and to generally promote and raise awareness of the *Corporate Plan Data Submission Process*. The sessions focussed primarily on roles and responsibilities, completion of the key documents and the process around reviewing and verifying the data. We were also informed that should there be a change in an officer designated as a Data Collector or Data Reviewer, the Corporate Performance and Policy Officers would arrange to meet with the new officers to go through the same process with them on an individual basis.
- Responses provided by the four Heads of Service advised that security around the collection of performance data was controlled with information being password protected and access limited to team members with a genuine business need to view information. Routine checks were also in place to identify any anomalies or unexpected inconsistencies in the performance data which would then prompt further investigation, should any be highlighted.
- The responses received from the four Heads of Service all confirmed that rudimentary checks were undertaken on the performance data prior to it being submitted and formally reported. These usually took the form of comparisons with data from previous periods to compare

against the current target and identify opportunities for improvements. The checks also served to identify any issues which may come to light as information affecting corporate performance data may evolve over time e.g., the evolving types of fuel poverty interventions that were available to the Council and the need to amend the calculation methodology to reflect any changes that develop.

- We found that progress against the implementation of recommendations from the previous Data Quality audit, carried out in September 2019, had been undertaken by the Council's Audit Sub-Committee. The committee had received a report at its meeting on 9th December 2020, informing them of the recommendations made by the audit, the responses to the recommendations and the progress made in implementing them.

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The central midlands audit partnership was formed to provide shared internal audit services to local authorities in the region. CMAP currently provides audit services to three District Councils, a Unitary Council, a Housing ALMO and a Fire Authority and welcomes further public sector partners or clients from within the region.



Appendix B – Completed Action Plan Data Quality Audit 2020-2021

Recommended Action	Action Detail	Lead Officer	Due Date	Progress	Action Update
<p>We recommend that</p> <ul style="list-style-type: none"> - Access to read and modify the Excel spreadsheet is restricted to appropriate officers. - The spreadsheet is password protected to add an additional - level of security. - Standing data within the spreadsheet is locked down. 	<p>A review of alternative performance collection methods will take place during 2020 to improving the efficiencies around data collection.</p> <p>Identify possible Performance Management Systems</p>	<p>Performance and Policy Officer will have operational responsibility. The Strategic responsibility will sit with Head of Organisational Development and Performance</p>	31/12/2020	<p>A full review of Performance Management Systems was undertaken, and costs were obtained. It was agreed to work with the BC team to build the performance spreadsheet into SharePoint and use Power of BI for reporting. The Performance and Policy Officers are working with the BC team to implement this and will undertake Power of BI training once established.</p>	Complete
	<p>Ensure the 20-21 Performance Dashboard is password protected and the standing data is locked down each quarter.</p>		30/06/2020	<p>The Performance and Policy Officer has worked with IT to ensure that only Staff who input into the Corporate Performance dashboard can access this.</p> <p>Further protection has been added to password protect the whole spreadsheet with only giving access by password to the current reporting period.</p>	Complete
<p>Management should make arrangements for an annual data quality audit if deemed necessary,</p>	<p>An annual data quality audit will be performed by officers and/or Internal Audit to</p>	<p>Performance and Policy Officer will have operational responsibility. The Strategic</p>	31/12/2020	<p>The Performance and Policy Team have created a mini audit assessment form which is completed by the data inputters and Heads of Service to review the robustness of the data collection method. Any high-risk performance</p>	Completed

which could be performed by officers or Internal Audit.	check the robustness of the data collection process.	responsibility will sit with Head of Organisational Development and Performance		measures identified will be record and arrangements made for internal audit to carry out a full audit.	
The Performance Management Framework should be disseminated to all staff involved in the collection and review of performance information. Management should consider how they can identify and address any training needs identified.	The new Performance Management Framework will be communicated to all officers involved in the collection and review of performance information.	Performance and Policy Officer will have operational responsibility. The Strategic responsibility will sit with Head of Organisational Development and Performance	31/12/2020	The Performance Management Framework has undertaken a full review and consultation with Heads of Service. The Framework has been updated and communicated out to all members of staff who input into corporate reporting	Completed



REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 11
DATE OF MEETING:	8th DECEMBER 2021	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.Stackhouse@southderbyshire.gov.uk	DOC:
SUBJECT:	COMMITTEE WORK PROGRAMME	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: G

1.0 Recommendations

1.1 That the Committee considers and approves the updated work programme.

2.0 Purpose of Report

2.1 The Committee is asked to consider the updated work programme.

3.0 Detail

3.1 Attached at Annexe 'A' is an updated work programme document. The Committee is asked to consider and review the content of this document.

4.0 Financial Implications

4.1 None arising directly from this report.

5.0 Background Papers

5.1 Work Programme.

**Audit Sub-Committee
Work Programme for the Municipal Year 2021/22**

Work Programme Area	Date of Committee Meeting	Contact Officer (Contact details)
External Audit Plan 2020/21	28 June 2021	Hhenshaw@uk.ey.co
Internal Audit Progress Report	28 June 2021	Adrian.manifold@centralmidlandsaudit.co.uk
Internal Audit Annual Report 2020/21	28 June 2021	Adrian.manifold@centralmidlandsaudit.co.uk
Local Code of Corporate Governance Review	28 June 2021	Ardip.kaur@southderbyshire.gov.uk
Draft Annual Governance Statement 2020/21	28 June 2021	Ardip.kaur@southderbyshire.gov.uk
Anti-Fraud and Corruption Policy	28 June 2021	Kevin.stackhouse@southderbyshire.gov.uk
Risk Management Framework	28 June 2021	Kevin.stackhouse@southderbyshire.gov.uk
Internal Audit Progress Report	8 September 2021	Adrian.manifold@centralmidlandsaudit.co.uk
Anti-Fraud and Corruption Performance and Annual Plan	8 September 2021	Elizabeth.barton@southderbyshire.gov.uk
Audit Results Report for the Year Ending 31 March 2021	8 December 2021	Hhenshaw@uk.ey.co
Internal Audit Progress Report	8 December 2021	Adrian.manifold@centralmidlandsaudit.co.uk
Local Code of Corporate Governance Review	8 December 2021	Ardip.sandhu@southderbyshire.gov.uk
Appointment of External Auditor 2023/24 to 2027/28	8 December 2021	KevinStackhouse@southderbyshire.gov.uk

Annexe A

Draft Annual Corporate Governance Review	8 December 2021	Ardip.sandhu@southderbyshire.gov.uk
Data Quality & Performance Management	8 December 2021	Kevin.stackhouse@southderbyshire.gov.uk
Internal Audit Progress Report	16 March 2022	Adrian.manifold@centralmidlandsaudit.co.uk
Internal Audit Plan and Charter 2022/23	16 March 2022	Adrian.manifold@centralmidlandsaudit.co.uk
External Audit Plan 2021/22	16 March 2022	Hhenshaw@uk.ey.co