

Date: 13 June 2023

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, 21 June 2023 at 16:00**. You are requested to attend.

Yours faithfully,



Chief Executive

**Non-Grouped**

Councillor Wheelton (Chair)

**Labour Group**

Councillor Shepherd (Vice-Chair) and  
Councillors A Jones and A Tilley

**Conservative Group**

Councillors Atkin

## **AGENDA**

### **Open to Public and Press**

- 1** Apologies.
- 2** To receive the Open Minutes of the Meetings held on:  
  
16 March 2022 **4 - 7**  
  
22 June 2022 **8 - 12**  
  
07 September 2022 **13 - 15**  
  
07 December 2022 **16 - 20**  
  
08 March 2023 **21 - 23**
- 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 ANNUAL REPORT 2022-23 **24 - 43**
- 7** INTERNAL AUDIT PROGRESS REPORT 2022-23 **44 - 69**
- 8** LOCAL CODE OF CORPORATE GOVERNANCE REVIEW **70 - 80**
- 9** DRAFT ANNUAL GOVERNANCE STATEMENT 2022-23 **81 - 91**
- 10** COMMITTEE WORK PROGRAMME **92 - 93**

### **Exclusion of the Public and Press:**

- 11** 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.
- 12** To receive any exempt questions by Members of the Council pursuant to Council Procedure Rule No. 11.

AUDIT SUB-COMMITTEE

16<sup>th</sup> March 2022

**PRESENT:-**

**Labour Group**

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

**Conservative Group**

Councillor Atkin

AS/38 **APOLOGIES**

The Sub-Committee was informed that apologies had been received from Councillor Angliss.

AS/39 **TO RECEIVE THE OPEN MINUTES**

The Open Minutes for Sub-Committee Meetings held on 28<sup>th</sup> June 2021, 8<sup>th</sup> September 2021 and 8<sup>th</sup> December 2021 were taken as read, approved, and signed by the Chair.

AS/40 **DECLARATIONS OF INTEREST**

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

AS/41 **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/42 **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/43 INTERNAL AUDIT PROGRESS REPORT**

The Audit Manager presented the report informing the Sub-Committee of the position of the Audit Plan, what had been completed since December 2021 and the audits that had been carried out and those to be completed. It was noted that there was nothing of concern in the report and the responses which had passed the due date had been raised with Senior Management.

The Strategic Director (Corporate Resources) addressed the Sub-Committee and advised that the PCI works had been delayed due to a resource issue due to dealing with test and trace payments, grants and other issues.

Members raised queries regarding Members expenses and allowance in relation to the fuel crisis and if recommendations were escalated if they went passed the due date.

The Strategic Director (Corporate Resources) confirmed that rates of pay were national rates and were not likely to be increased, and that the escalation of recommendations that had passed the given due dates would need to be reassessed with an improvement to the narrative that included an update on the progress.

The Auditor Manager suggested that old recommendations be removed if appropriate with some narrative from management.

**RESOLVED:**

***That the report of the Audit Manager was considered, and any issues identified are subject to a follow-up report as appropriate.***

**AS/44 INTERNAL AUDIT PLAN 2022-23 AND AUDIT CHARTER**

The Audit Manager presented the report to the Sub-Committee which sets out the coverage for the year starting in April 2022. It was noted that an overall risk assessment had been carried out however there was not capacity to review each item every year but high risk items were covered more frequently. The Sub-Committee was informed that the proposal could be amended to address changes in risks and that any changes would be brought to Sub-Committees' attention when they occur.

**RESOLVED:**

***That the proposed Internal Audit Plan for 2022/23 was considered and approved for implementation, subject to any changes agreed by the Committee***

AS/45 **EXTERNAL AUDIT FEE 2019/20**

The Strategic Director (Corporate Resources) presented the report to the Sub-Committee and confirmed that following a fee variation request by Ernst and Young the governing body for auditors, the PSSA, reviewed the request and made a judgement that the Council should pay an additional £18,000. It was noted that the government would provide additional resources to local authorities with our allocation being £19,000 which would cover the additional fees.

The Strategic Director (Corporate Resources) informed the Sub-Committee that the auditing of the accounts for 2020/21 had not been completed and that the balance sheet may change but would not affect the level of reserves.

**RESOLVED:**

***That the final external audit fee for 2019/20, as directed by the Public Sector Auditor Appointments, of £56,052 is paid to Ernst and Young LLP.***

AS/46 **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/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 17:00 Hours

COUNCILLOR DUNN

CHAIR

AUDIT SUB-COMMITTEE

22 June 2022

**PRESENT:-**

**Labour Group**

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

**Conservative Group**

Councillor Atkin and Bridgen

**Non-Grouped**

Councillor Wheelton

AS/01 **APOLOGIES**

The Sub-Committee was informed that no apologies had been received.

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 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor presented the report and outlined standard progress the audit dashboard, the progress with field work and the audit plan. The Internal Auditor highlighted recommendations that had revised target dates and recommendations overdue by 12 months.

Members raised queries regarding the revenue system and leisure centres.

The Strategic Director (Corporate Resources) confirmed that there were 2 low risk recommendations accepted in relation to the revenue system and the Head of Customer Services clarified that one issue was the updating of schedules for valuations and secondly the team had carried out additional work generated by the government such as issuing Business Grants Schemes. It was also noted that a third risk accepted related to a paper based exercise that was carried out a senior officer level and audit had recommended a higher level officer check but the Council felt that this was not necessary.

The Strategic Director (Service Delivery) informed the Sub-Committee that the Leisure services update had been sent through and confirmed that the recommendations formed part of a new matrix that would be monitored monthly by the new Head of Service.

The Chair of the Sub-Committee raised a query regarding the skills matrix. The Head of Legal and Democratic Services confirmed that it related to when Group Leaders appointed Members to Committees.

Councillor Wheelton requested an update on the position of the Housing Orchard System.

The Head of Housing informed the Sub-Committee that there had been a lot of operational changes and that the repair system would be subject to an additional software update in the future. The Head of Business Change and ICT added that the supplier had issues with testing the site which had delayed the customer portal but would be available in the near future.

Councillor Shepherd noted concerns in relation to Infinity Garden Village

**RESOLVED:**

***The Sub-Committee considered the report of the Audit Manager as per Appendix 1 to the report, and any issues identified be subject to a follow-up report as appropriate.***

AS/06 **INTERNAL AUDIT ANNUAL REPORT 2021-22**

The Internal Auditor presented the report to the Sub-Committee and summarised the audit findings and opinions in relation to the previous 12 month period.

The Internal Auditor highlighted the systems of control in place in relation to the interactions between Management and Audit Sub- Committee and noted that the two budget overspends were housing repairs and land charges which were both being monitored accordingly.

Councillor Wheelton sought clarification regarding the governance of finance and the responsibility for setting all Budgets.

The Head of Legal and Democratic Services informed the Sub-Committee that Financial responsibility was governed via the Finance and Management Committee that makes recommendations to Full Council for approval and assured Members that all papers would be included for Full Council in the future. The Strategic Director (Corporate Resources) confirmed that Full Council did approve the overall Budget which was in line with the Constitution and best practice.

**RESOLVED:**

***The Sub-Committee considered and noted the Annual Internal Audit Opinion for 2021/22 as per Appendix 1 to the report.***

AS/07 **LOCAL CODE OF CORPORATE GOVERNANCE**

The Head of Legal and Democratic Services presented the six monthly report regarding the governance framework and sought approval of the recommendations within the report.

Members raised queries regarding standards and the responsibility for parish councils' code of conduct.

The Head of Legal and Democratic Services confirmed that Standard Hearings were called when necessary and that South Derbyshire District Council did have not responsibility for the parish councils' code of conduct but as Monitoring Officer, would deal with complaints regarding individual parish councillors.

Councillor Atkin requested an update on the new Members' Code of Conduct. The Head of Legal and Democratic Services clarified that the implementation date was 2023 and that a draft document and additional guidance had been shared with Members and that comments received had informed the report.

**RESOLVED:**

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

AS/08 **DRAFT ANNUAL GOVERNANCE STATEMENT 2021/22**

The Head of Legal and Democratic Services presented the report and sought approval for the draft document that would be filed with the Statement of Accounts.

Councillor Wheelton commended the report and suggested that it was shared with all Members.

**RESOLVED:**

***The Sub-Committee approved the Draft Annual Governance Statement for 2021/22 as per Appendix 1 of the report.***

AS/09 **2022-2023 ANTI FRAUD & CORRUPTION PLAN & COUNTER FRAUD PARTERSHIP PERFORMANCE UPDATE**

The Head of Customer Services presented the report in relation to partnership working with Derby City Council and noted that the costs and savings for South Derbyshire District Council in the previous year. The Head of Customer Services highlighted the successes and training undertaken during 2021-22.

Members raised queries regarding the contribution of the Council and payment of staff training.

The Head of Customer Services confirmed that the Council contribution did not subsidise the running of the service and that training costs were covered by the partnership.

**RESOLVED:**

***1.1 The Committee noted the performance of the Counter Fraud Partnership with Derby City Council, as per Appendix 1 to the report and the cashable and value for money savings that had been delivered in 2021-2022.***

***1.2 The Committee approved that the Counter Fraud Partnership be continued for 2022-2023 and approved the Council's proposed Anti-Fraud and Corruption Action Plan as detailed in Appendix 2 of the report, that directs the work of the partnership.***

AS/10 **COMMITTEE WORK PROGRAMME**

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

The Chair raised concern regarding the delay of the External Auditor's Report and finalisation of accounts and Members requested that the External Auditor be invited to attend the next Audit Sub-Committee meeting.

**RESOLVED:**

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

AS/11 **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/12 **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 17:18 hours.

COUNCILLOR P DUNN

CHAIR

AUDIT SUB-COMMITTEE

7 September 2022

**PRESENT:-**

**Labour Group**

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

**Conservative Group**

Councillor Atkin and Bridgen

**Non-Grouped**

Councillor Wheelton

AS/13 **APOLOGIES**

The Sub-Committee was informed that apologies had been received from Councillor Atkin.

AS/14 **DECLARATIONS OF INTEREST**

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

AS/15 **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/16 **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/17 **INTERNAL AUDIT PROGRESS REPORT**

The Audit Manager presented the report informing the Sub-Committee of the position of the Audit Plan and gave an overview of the Dashboard, jobs completed, recommendations and customer satisfaction. The Audit Manager

updated the Sub-Committee regarding the revenue system noting that recommendations had been completed.

Members requested an update regarding the Orchard system and stock control.

The Head of Housing informed the Sub-Committee that the repairs system (Orchard) used was still in the process of being updated and noted that very few Council materials were kept on Council premises as materials were mainly managed electronically by suppliers and added that the Council's internal procedures regarding stock were sufficient but would be reviewed and updated with the support of IT. The Head of Housing advised the Sub-Committee that a report would be submitted to Overview and Scrutiny Committee regarding a number of Housing issues.

The Chair of the Sub-Committee sought clarity regarding the responsibility for PCI compliance.

The Strategic Director (Corporate Resources) confirmed that it was his responsibility and noted that the risk in relation to taking over the telephone payments would be reviewed following the appointment of a new Head of Customer Services in October.

The Strategic Director (Corporate Resources) addressed the Sub-Committee and advised the Members that the external auditor would be attending the next Sub-Committee meeting in December and noted that the outstanding External Audit for 2021 was expected to be completed within the next few weeks.

**RESOLVED:**

***The Sub-Committee considered the report of the Audit Manager as per Appendix 1 to the report, and any issues identified be subject to a follow-up report as appropriate.***

AS/18 **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/19 **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/20 **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 17:05 hours

COUNCILLOR P DUNN

CHAIR

AUDIT SUB-COMMITTEE

07 December 2022

**PRESENT:-**

**Non-Grouped**

Councillor Wheelton (Chair)

**Labour Group**

Councillor Shepherd (Vice-Chair) and Councillor Dunn

**Conservative Group**

Councillor Atkin and Bridgen

AS/21 **APOLOGIES**

The Sub-Committee was informed that no apologies had been received.

AS/22 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that a declaration of personal interest had been received by Councillor Atkin in relation to item AS/25 by virtue of being a Derbyshire County Council's Pensions' Committee member.

AS/23 **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/24 **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/25 **AUDIT RESULTS REPORT FOR YEAR ENDING 31 MARCH 2021**

The Strategic Director (Corporate Resources) addressed the Sub-Committee and introduced the new External Auditor.

The External Auditor presented the report summarising the key areas and outlined the letter of representation and the 3 areas that were assessed.

Members sought clarity regarding Members' Declarations.

The Strategic Director (Corporate Resources) informed the Sub-Committee that there was no missing information and that it was the responsibility of Members to inform the Council of any relevant declarations.

Members raised queries regarding the increase in the pension schemes.

The External Auditor explained to the Sub-Committee that the report provided information regarding the Councils shares and liabilities,

Councillor Shepherd noted that he had raised a concern regarding governance issues with the previous External Auditor but had not received a response.

The External Auditor apologised and requested that Councillor Shepherd resend the information to enable a response to be given.

Members raised concerns regarding the delays with audit reports.

The Strategic Director (Corporate Resources) advised the Sub-Committee that the External Auditor's opinion was a key part of assurance that the Council was on the right track and the longer the delays with the annual reports there could be a risk that a serious problem may be missed and that a way forward was needed.

The External Auditor addressed the Sub-Committee noting that there was no quick fix to the shortage of auditors but assured Members that Ernest and Young was making an investment in training etc. and that it would take time to catch up to a business as usual cycle.

Members discussed the possible impact of the increase to auditors' fees and delays to the annual reports and proposed that a report be submitted to Finance and Management Committee regarding the issues

**RESOLVED:**

***The Sub-Committee considered and noted the report of the External Auditor.***

***The Sub-Committee approved that a report be presented to Finance and Management Committee regarding the possible increase in costs for external auditor's fees and the potential impact of delayed External Auditor's annual reports.***

AS/26 **LOCAL CODED OF CORPORATE GOVERNANCE REVIEW**

The Head of Legal and Democratic Services presented the report the Sub-Committee and noted that point 3.14 of the report contained areas to be considered in the future.

The Chair of the Sub-Committee raised a query regarding the recording of actions agreed during Committee meetings.

The Head of Legal and Democratic Services advised the Sub-Committee that committee minutes were a summary of the meetings and that it was the responsibility of Strategic Directors and officers to take note of agreed actions.

**RESOLVED:**

***1.1 The Sub-Committee approved the updated Local Code of Corporate Governance as detailed in Appendix 1 of the report.***

***1.2 The Sub-Committee approved the progress regarding on-going work to maintain sound governance as detailed in the report.***

AS/27 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor presented the report to the Sub-Committee and gave an updated summary of changes since the last meeting. It was noted that five internal audits had been undertaken and that nineteen outstanding recommendations had been completed.

The Internal Auditor advised the Sub-Committee that there some audits were not moving along and they would like.

Members raised concern regarding response time of officers.

The Head of Housing attending the meeting and updated the Sub-Committee regarding the system upgrades, IT and stock condition data. The Internal Auditor advised the Sub-Committee that information requested from the external IT provider had been submitted since the report had been written.

The Head of Legal and Democratic Services advised the Sub-Committee that that any delay in response had been due to a periods of annual leave, ill health and out of the office meetings etc. and noted that email should not be the only form of contact used by the Internal Auditors.

Members discussed a variety of ways that non-responses could be addressed and the Chair of the Sub-Committee suggested that if there was a log of non-responses then this may assist.

The Internal Auditors noted a significant risk rating regarding payroll.

The Strategic Director (Corporate Resources) advised the Sub-Committee that the issue related to reliance on an external system provider and a large amount of manual input but there was an action plan in place and the issue was being dealt with.

The Chair of the Sub-Committee noted an issue in relation to the IT protocol and breaches by Councillors and officers that needed be considered.

**RESOLVED:**

***1.1 The report of the Audit Manager was considered by the Sub-Committee and any matters specifically identified would be subject to an appropriate report back.***

AS/28 **CENTRAL MIDLANDS AUDIT PARTNERSHIP EXTERNAL ASSESSMENT**

The Strategic Director (Corporate Resources) presented the report to the Sub-Committee and outlined the report regarding the additional assessment of the Internal Auditors that looked at the quality of the audits. It was noted that Central Midlands Audit Partnership had an overall rating of good and that it was one of the best internal auditors that had been assessed.

**RESOLVED:**

***1.1 The Sub-Committee considered and noted the outcomes from the External Quality Assessment as detailed in the report.***

AS/29 **COMMITTEE WORK PROGRAMME**

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

**RESOLVED:**

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

AS/30 **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/21 **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 17:15 hours

COUNCILLOR A WHEELTON

CHAIR

AUDIT SUB-COMMITTEE

08 March 2023

**PRESENT:-**

**Non-Grouped**

Councillor Wheelton (Chair)

**Labour Group**

Councillor Dunn

**Conservative Group**

Councillor Atkin and Bridgen

AS/32 **APOLOGIES**

The Sub-Committee was informed that apologies had been received from Councillor Shepherd (Labour Group).

AS/33 **DECLARATIONS OF INTEREST**

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

AS/34 **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/35 **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/36 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor presented the report to the Sub-Committee and gave an updated summary of changes since the last meeting. It was noted that 60% of audits had been completed with 40% in progress. The target for completion by the end of the year was at 90%.

Members raised concern regarding response time of officers.

The Strategic Director (Corporate Services) confirmed that all Heads of Service had been invited to attend the Committee to give updates to the outstanding recommendations. The Chair noted that the Head of Housing attended the meeting and the Internal Auditor confirmed that some responses had been received by email since the publication of the report.

Members discussed a variety of ways that non-responses could be addressed, and the Chair of the Sub-Committee suggested that outstanding issues could be passed to the appropriate Policy Committee.

**RESOLVED:**

- 1.1 The Sub-Committee considered the report of the Audit Manager, and that any matters specifically identified be subject to an appropriate report back.***
- 1.2 The Sub-Committee approved that all outstanding recommendations be referred to the Finance and Management Committee for consideration at the June meeting.***

AS/37 **INTERNAL AUDIT PLAN 2023-24 AND AUDIT CHARTER**

The Internal Auditor presented the report to the Sub-Committee highlighting a summary of the plan.

The Chair of the Sub-Committee raised a query regarding audit coverage. The Internal Auditor explained to the Sub-Committee the process to calculate the number of days of audit coverage. Members asked if the audits are conducted annually for a service area. The Internal Auditor informed the Sub-Committee that where a service area had received no recommendations that area would not be subject to an audit the following year. Members discussed the importance and impact of internal audits and agreed that audit coverage would be reviewed for the 2024-25 plan.

**RESOLVED:**

- 1.1 That the proposed Internal Audit Plan for 2023/24 is considered and approved for implementation, subject to any changes agreed by the Committee.***
- 1.2 The Sub-Committee approved that there is a review of audit coverage for the 2024-25 plan.***

AS/38 **COMMITTEE WORK PROGRAMME**

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

On behalf of the Sub-Committee, the Chair thanked the Strategic Director (Corporate Services), for his valued contributions over many years of service with South Derbyshire District Council and wished him well in his retirement.

**RESOLVED:**

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

AS/39 **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/40 **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 17:15 hours

COUNCILLOR A WHEELTON

CHAIR

<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE</b>	<b>AGENDA ITEM: 6</b>
<b>DATE OF MEETING:</b>	<b>21 JUNE 2023</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>AUDIT MANAGER</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ADRIAN MANIFOLD</b> <a href="mailto:Adrian.manifold@centralmidlandsaudit.gov.uk">Adrian.manifold@centralmidlandsaudit.gov.uk</a> <b>(01332 643281)</b>	<b>DOC:</b> h/CJ/governance/AGS/2022/AGS committee report
<b>SUBJECT:</b>	<b>INTERNAL AUDIT ANNUAL REPORT 2022/23</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS 02</b>

## **1.0 Recommendations**

- 1.1 To consider and note the Annual Internal Audit Opinion for 2022/23 (Appendix 1).

## **2.0 Purpose of Report**

- 2.1 The Public Sector Internal Audit Standards (PSIAS) sets out the requirements for the Chief Audit Executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

## **3.0 Detail**

- 3.1 The report of the Audit Manager is detailed in a report which 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 The Accounts and Audit Regulation 2015 Public Sector Internal Auditing Standards.



# South Derbyshire DC – Internal Audit Annual Report 2022-23

Audit Sub-Committee: 21<sup>st</sup> June 2023



South Derbyshire  
District Council



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QAIP – Improvement Plan	19

## Our Vision

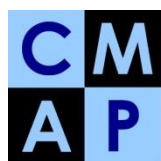
To bring about improvements in the control, governance and risk management arrangements of our Partners by providing cost effective, high quality internal audit services.

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central midlands audit partnership

*Providing Excellent Audit Services in the Public Sector*

## Introduction

### Why an Audit Opinion is required

The Public Sector Internal Audit Standards (PSIAS) states:

#### **Public sector requirement**

The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

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

In this instance, the Chief Audit Executive is Adrian Manifold, Audit Manager.

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

*"The Public Sector Requirement in PSIAS 2450 requires that the Chief Audit Executive must provide an annual report to the board timed to support the annual governance statement. This must include:*

- *an annual Internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework – i.e. the control environment*
- *a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance providers)*
- *a statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme.*

*In local government, the annual opinion should be guided by the CIPFA Framework Delivering Good Governance in Local Government.*

*The annual report should also include:*

- *disclosure of any qualifications to that opinion, together with the reasons for the qualification*
- *disclosure of any impairments ('in fact or appearance') or restriction in scope*
- *a comparison of the work actually undertaken with the work that was planned and a summary of the performance of the Internal audit function against its performance measures and targets*
- *any issues the Chief Audit Executive judges particularly relevant to the preparation of the annual governance statement*
- *progress against any improvement plans resulting from QAIP external assessment.*

*In the context of the PSIAS, 'opinion' means that Internal audit will have done sufficient, evidenced work to form a supportable conclusion about the activity that it has examined. Internal audit will word its opinion appropriately if it cannot give reasonable assurance (e.g. because of limitations to the scope of, or adverse findings arising from, its work)."*

## How an Audit Opinion is Formed

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



## Possible Overall Opinions

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

- **Inadequate System of Governance, Risk, Internal Control** – Findings indicate significant weaknesses and the need for urgent remedial action. Where corrective action has not yet started, the current remedial action is not, at the time of the audit, sufficient or sufficiently progressing to address the severity of the control weaknesses identified.
- **Adequate System of Governance, Risk, Internal Control Subject to Reservations** – A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a satisfactory audit opinion to be given.
- **Satisfactory System of Governance, Risk, Internal Control** - Findings indicate that on the whole, arrangements are satisfactory, although some enhancements may have been recommended.

## Quality Assurance and Improvement Programme

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

Public Sector Internal Audit Standards state:

### Public sector requirement

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

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

Public Sector Internal Audit Standard 1312 also requires that:

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

Assessments are based on the following 3 ratings:

- **Generally Conforms** - means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards.
- **Partially Conforms** - means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.
- **Does Not Conform** - means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

Our last external quality assessment (EQA) on our overall conformance with the Standards was undertaken in October 2022 and it was determined that we generally conformed with each standard. A report on the outcome of the EQA was presented to this Committee on 7<sup>th</sup> December 2022.

The CMAP management team undertook a self-assessment against the Standards and produced a revised [QAIP – Improvement Plan](#) which is appended to the rear of this report.

We have determined that CMAP **Generally Conforms** 'to the Standards. 'Generally Conforms' means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the

section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

## Audit Opinion 2022-23

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

In forming this opinion, I am satisfied that no conflicts of interest have occurred which would have any bearing on my independence or objectivity. Also, my organisational independence and objectivity has not been subject to any impairment in fact or appearance; nor has the scope of our work been restricted in any way.

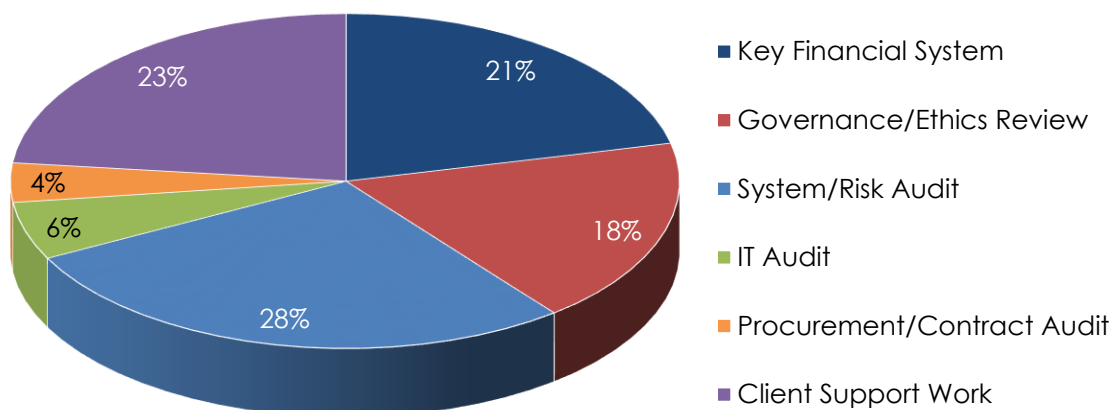
I have arrived at this opinion having regard to the following:

- The level of coverage provided by Internal Audit was considered adequate.
- Work has been planned and performed so as to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the organisation's control environment is operating effectively.
- The changing risk environment within the Council has been taken into account during the 2022-23 financial year.
- Our insight gained from our interactions with Senior Management and the Audit Sub-Committee.

*Note: Two long-standing members of the Senior Leadership team have recently retired. This is likely to have a significant effect on the governance, risk and control environment of the Council in 2023-24, but does not affect this year's opinion.*

- The only issue that we considered had adverse implications for the Authority's Annual Governance Statement related to a significant issue regarding an inadequate separation of duties in the Payroll system. This matter has since been addressed to our satisfaction.
- The 2022-23 Internal audit plan, approved by the Audit Sub-Committee, 16<sup>th</sup> March 2022, was informed by internal audit's own assessment of risk and materiality in addition to consultation with Senior Management to ensure it aligned to the organisation's key risks and objectives. Changes to this Audit Plan have been reported to the Audit Sub-Committee throughout the year.
- The following tables summarise the 2022-23 Audit Plan assignments and their outcomes as well as those assignments from the 2021-22 Audit Plan which were still ongoing in 2022-23.

## Audit Plan 2022-23 per Type of Audit

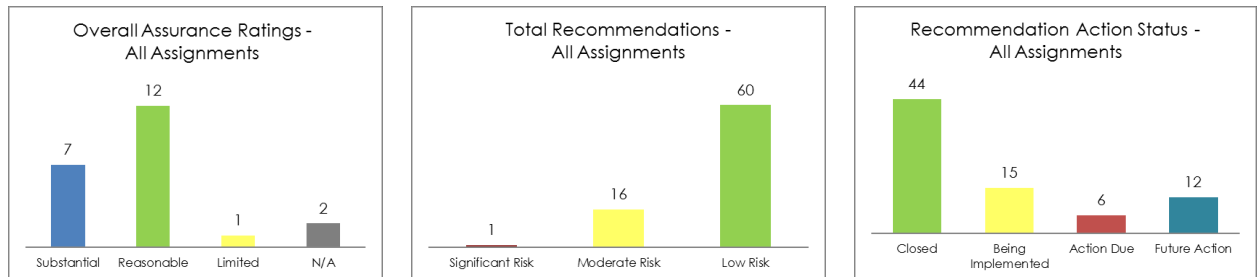


2022-23 Jobs	Status	% Complete	Assurance Rating
Records Management 2022-23	Final Report	100%	Reasonable
Risk Management 2022-23	Final Report	100%	Reasonable
Procurement 2022-23	Fieldwork Complete	90%	Reasonable*
Safeguarding 2022-23	Final Report	100%	Substantial
Main Accounting System 2022-23	Final Report	100%	Substantial
Treasury Management 2022-23	Final Report	100%	Substantial
Capital Programme 2022-23	Final Report	100%	Substantial
Banking Services 2022-23	Final Report	100%	Substantial
Officers Expenses & Allowances 2022-23	Final Report	100%	Reasonable
Revenues Systems 2022-23	Fieldwork Complete	90%	Substantial*
Mobile Device Management	In Progress	75%	Reasonable*
Data Quality & Performance Management 22-23	Final Report	100%	Reasonable
Grant Certification 2022-23	Final Report	100%	N/A
Street Cleansing 2022-23	Fieldwork Complete	80%	Reasonable*
Development Management 2022-23	Draft Report	95%	Substantial*
Parks & Open Spaces 2022-23	In Progress	70%	Reasonable*
Rosliston Forestry Centre 2022-23	Final Report	100%	Reasonable
Sheltered Housing - Careline 2022-23	Final Report	100%	N/A
Land Charges 2022-23	In Progress	75%	Reasonable*
Organisational Culture & Ethics 2022-23	In Progress	75%	Reasonable*

\* Provisional rating as assignment not yet finalised

2021-22 Jobs B/fwd	Status	% Complete	Assurance Rating
Procurement 2021-22	Final Report	100%	Reasonable
Income Streams	Final Report	100%	Reasonable
Payroll Probity	Final Report	100%	Limited
Creditors 2021-22	Final Report	100%	Substantial
Housing IT System Upgrades	Final Report	100%	Reasonable
People Management 2021-22	Final Report	100%	Reasonable
Homelessness 2021-22	Final Report	100%	Substantial
Corporate Governance 2021-22	Final Report	100%	Reasonable
Leisure Centres 2020-21	Final Report	100%	Reasonable
Electoral Services 2020-21	Final Report	100%	Reasonable

- Of the 22 finalised assignments, 19 attracted either a 'Substantial' or 'Reasonable' assurance rating: 1 has attracted a 'Limited' assurance rating and 2 assignments were given a 'N/A' assurance rating. From the completed assignments a total of 77 recommendations were made; 60 of these were considered to present a low risk; 16 were considered to present a moderate risk; 1 was a significant risk recommendation and no critical risk recommendations were made.



- Of the 10 **Key Financial System** audits undertaken in 2022-23, 9 were completed and 7 attracted either a Substantial or Reasonable overall assurance rating, the Payroll Probity audit attracted a 'Limited' rating and the Grant Certification assignment was a piece of consultation work which did not warrant an assurance rating. The remaining audit was substantially complete and looked likely to attract an overall assurance rating of 'Substantial'. The finalised audit assignments identified 20 recommendations, 13 of which were classified as low risk and 6 were a moderate risk and 1 a significant risk.

The significant risk recommendation came from the Payroll Probity audit. We concluded that:

- "The Payroll Manager and HR Supervisor user profiles on the Resource Link Payroll system remained broadly similar and did not enforce separation of duties between officers, so that those who maintain personnel and establishment records could not also process the payroll, and vice versa.

*While we conceded that such access levels were necessary for the Council to operate this function effectively, due to resources and local circumstances, the previously agreed mitigating controls agreed in November 2020 to reduce the risks arising from this issue, had still not been implemented.*

*There were therefore no checks to confirm the probity of entries made to the HR and Payroll system, resulting in opportunities for potential personal gain being available to officers."*

Management accepted our finding and responded:

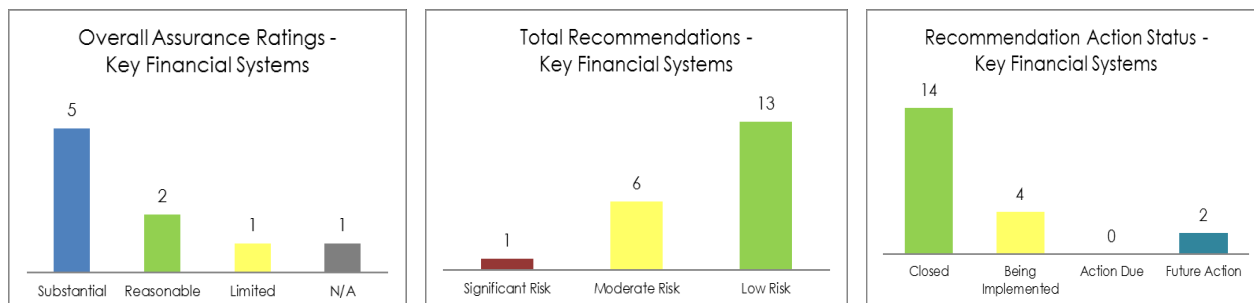
- "Standard reports will be scheduled on the Resource Link system that produce listings of all starters, leavers and changes to remuneration, that have been made to Payroll records by all users within the previous Payroll period. Checks will then be made and documented by Senior Management, to ensure that appropriate documentation is held on the system to support all changes made, and that they have been accurately input.

*The Head of Organisational Development & Performance will actively monitor these management checks to ensure that these are appropriately performed*

*on a timely basis. The Head of Service will also evidence the monitoring activities undertaken so assurance can be taken from their actions."*

Management has now taken appropriate action to address this recommendation.

Four of the 6 moderate risks also came from the Payroll Probity audit and all 4 have now been implemented. The 2 remaining moderate risk recommendations came from the Officers Expenses & Allowances audit, one has now been implemented and the other has yet to reach its original action date.



- Of the 10 **System/Risk** audits undertaken in 2022-23, 6 were finalised; one attracted a Substantial assurance rating; 4 a Reasonable assurance rating and the Sheltered Housing assignment was a piece of consultancy work which did not attract an assurance rating. From the 6 audits finalised, a total of 17 low risk recommendations were made. Four moderate risk recommendation were also made; 2 came from the Electoral Services audit and management did not accept one of the weaknesses raised; Internal Audit maintains that:
  - "Rates of pay for reimbursement of staff undertaking election duties had not been formally documented and agreed and did not include information on Returning Officer or Deputy Returning Officer fees, or an hourly overtime rate for the count. A full audit trail was not available for staff payments made in the 2021 elections".

Management did not accept our finding and stated:

- "Rates of pay are decided in line with all Derbyshire authorities. These are discussed with the Chief Executive and a rate of pay for all positions is determined in line with best practice. (This was confirmed to the Auditor carrying out this Audit). The Returning Officer (as a statutory post) is responsible, and oversees, the determination of all relevant fees and payments. A full audit trail of all payments is kept in a spreadsheet document (which is sent to Payroll prior to payment)."

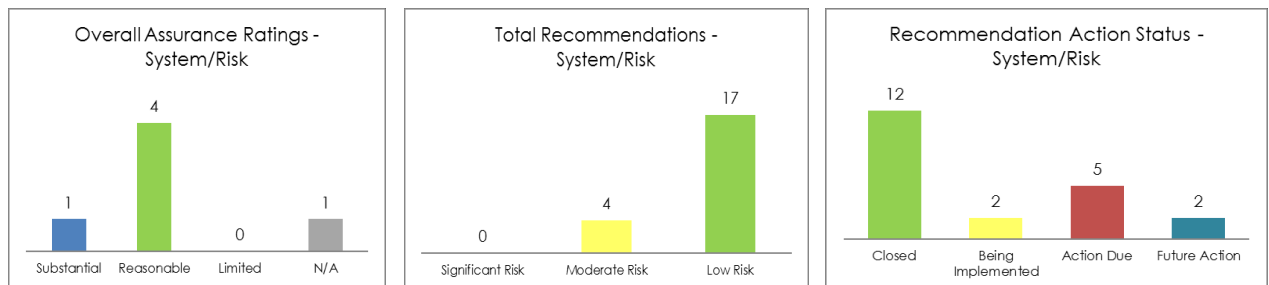
Management has been requested to provide evidence of the formal approval of the rates, but none has been supplied.

The other moderate risk recommendation from the Electoral Services audit has been accepted and the original agreed action date has passed, and management has provided a revised action date of 30<sup>th</sup> September 2023.

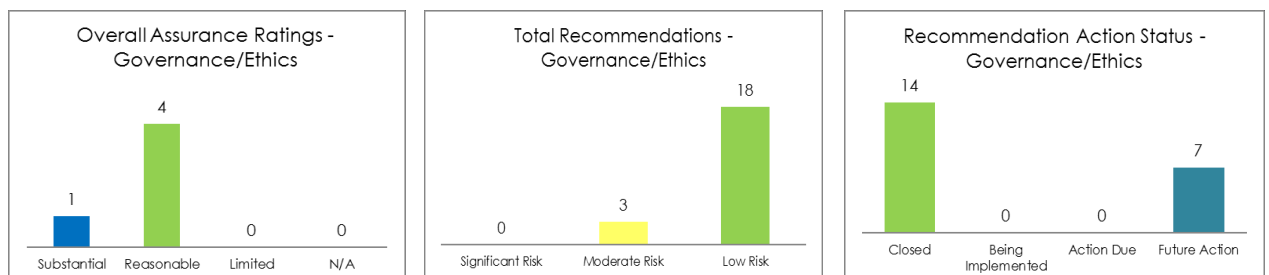
The moderate risk recommendation arising from the Leisure Centres audit has been implemented and the one from the Rosliston Forestry Centre audit has a future action date.

## South Derbyshire DC – Internal Audit Annual Report 2022-23

One of the 4 remaining audits was extensively complete and looked like it was going to attract an overall assurance rating of 'Substantial'. The other 3 were looking likely that they would all attract an overall assurance rating of 'Reasonable'.



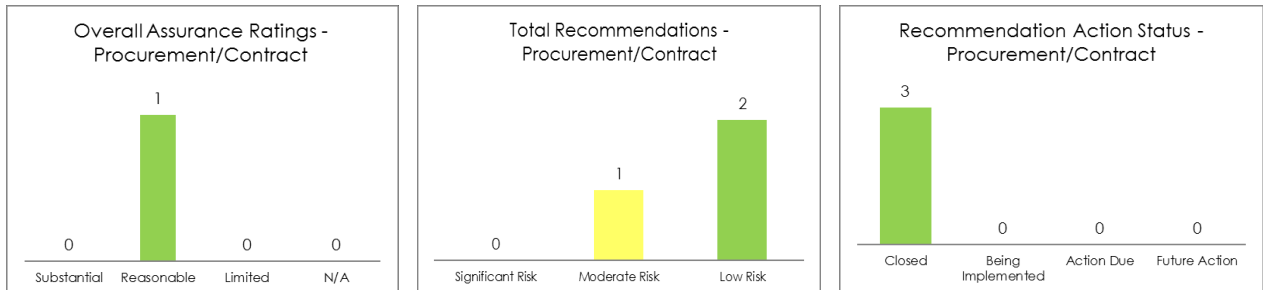
- Of the 6 **Governance/Ethics** audits undertaken during 2022-23, 5 have been finalised and 4 attracted an overall assurance rating of 'Reasonable', and 1 a 'Substantial' assurance rating. The 5 completed audits produced 21 recommendations; 3 of which were considered to represent a moderate risk, the rest being a low risk. Two moderate risk recommendations from the Corporate Governance audit have now been implemented. The remaining moderate risk recommendation from the Records Management audit has a future action date. The remaining incomplete assignment on Organisational Culture & Ethics was extensively complete and looks likely to attract an overall assurance rating of 'Reasonable'.



- Of the 2 **IT Audits**, one was completed during 2022-23 and attracted a 'Reasonable' assurance rating. The Housing IT System Upgrades audit raised 12 recommendations; 2 were considered a moderate risk and the remaining 10 were considered to represent a low risk. Both moderate risk recommendations have passed their original agreed action dates and management has provided revised action dates in the future. The remaining IT audit on Mobile Device Management was extensively complete and we expect it will attract an overall assurance rating of 'Reasonable'.



- Of the 2 **Procurement/Contract** audits, one was finalised and attracted overall assurance rating of 'Reasonable'; the other audit was extensively complete and was likely to attract an overall assurance rating of 'Reasonable'. The finalised audit resulted in 3 recommendations, 1 of which was considered to present a moderate risk, the remaining 2 a low risk. The single moderate risk recommendation has been implemented.



This opinion is provided with the following caveats:

- The opinion does not imply that Internal Audit has reviewed all risks, controls and governance arrangements relating to the Council. The opinion is substantially derived from the conduct of risk-based audit work and as such, it is only one component that is taken into account when producing the Council's Annual Governance Statement.
- No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.
- Full implementation of all agreed actions is essential if the benefits of the control improvements detailed in each individual audit report are to be realised.

## Audit Coverage

### Assurances Provided

The following table seeks to summarise the extent of audit coverage provided to South Derbyshire District Council during 2022-23 and the assurance ratings associated with each audit assignment.

Summary of Audit Plan 2022-23 Results (incl. Jobs B/Fwd)	Type of Review						Totals
	Key Financial System	System/ Risk	Governance /Ethics	IT Audit	Anti- Fraud	Procurement /Contract	
Not Yet Complete	1	4	1	1		1	8
Substantial	5	1	1				7
Reasonable	2	4	4	1		1	12
Limited	1						1
No							
N/A	1	1					2
	10	10	6	2		2	30

### Assurance Ratings Explained

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

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

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

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

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

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

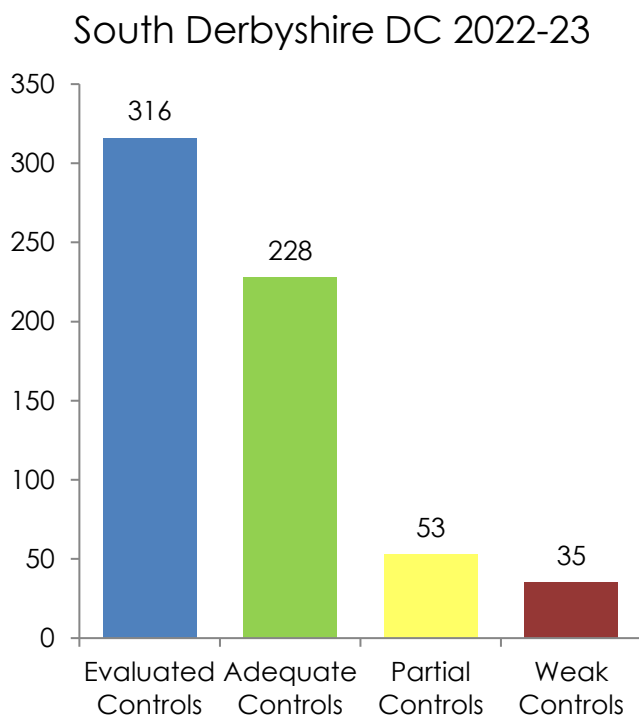
## Audit Plan Assignments 2022-23

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Main Accounting 2022-23	Substantial				1	100%
Treasury Management 2022-23	Substantial					n/a
Capital Programme 2022-23	Substantial				1	
Banking Services 2022-23	Substantial					n/a
Officers Expenses & Allowances 2022-23	Reasonable			2	1	33%
Revenues Systems 2022-23	Substantial*					n/a
Grant Certification 2022-23	N/A					n/a
Income Streams	Reasonable				6	50%
Payroll Probity	Limited		1	4	3	100%
Creditors 2021-22	Substantial				1	100%
Street Cleansing 2022-23	Reasonable*					n/a
Development Management 2022-23	Substantial*					n/a
Parks & Open Spaces 2022-23	Reasonable*					n/a
Rosliston Forestry Centre 2022-23	Reasonable			1	3	
Sheltered Housing - Careline 2022-23	N/A					n/a
Land Charges 2022-23	Reasonable*					n/a
People Management 2021-22	Reasonable				1	
Homelessness 2021-22	Substantial				1	
Leisure Centres 2020-21	Reasonable			1	7	100%
Electoral Services 2020-21	Reasonable			2	5	57%
Records Management 2022-23	Reasonable			1	2	33%
Risk Management 2022-23	Reasonable				4	100%
Safeguarding 2022-23	Substantial				2	
Data Quality & Performance Management 22-23	Reasonable				7	57%
Organisational Culture & Ethics 2022-23	Reasonable*					n/a
Corporate Governance 2021-22	Reasonable			2	3	100%
Mobile Device Management	Reasonable*					n/a
Housing IT System Upgrades	Reasonable			2	10	8%
Procurement 2022-23	Reasonable*					n/a
Procurement 2021-22	Reasonable			1	2	100%
<b>TOTALS</b>			<b>1</b>	<b>16</b>	<b>60</b>	<b>57%</b>

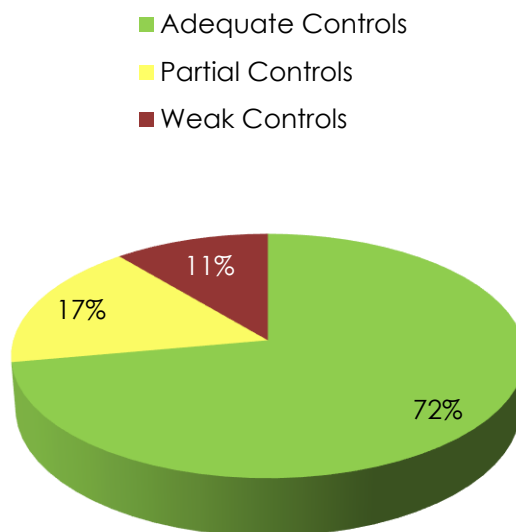
\* Provisional rating as assignment is not yet complete

## Internal Controls Examined

For those audits finalised during 2022-23, we established the following information about the controls examined:



## South Derbyshire



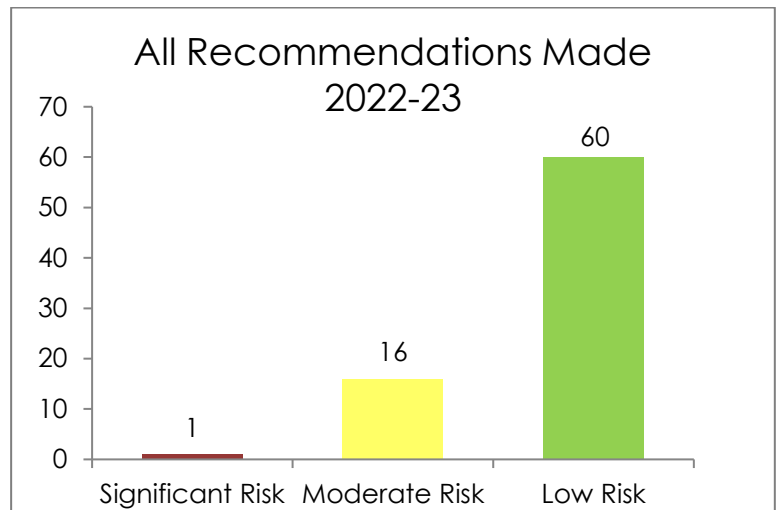
## Recommendations Made

The control weaknesses identified above resulted in 77 recommendations which suggested actions for control improvements. The following table and charts show where the recommendations came from, how the recommendations were risk rated and the current status of all recommendations made relating to 2022-23:

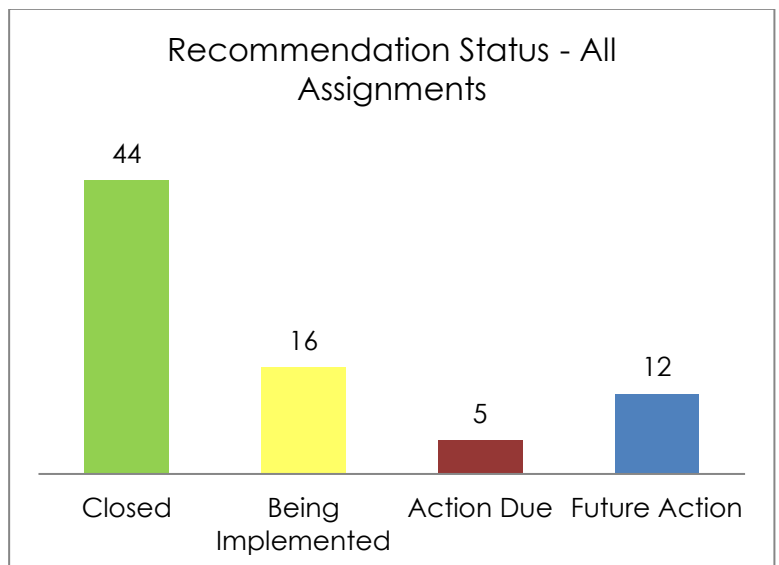
Audit Assignments	Type of Review	Recommendations Status			
		Total Closed	Action Due	Being Implemented	Future Action
Main Accounting 2022-23	Key Financial System	1			
Treasury Management 2022-23	Key Financial System				
Capital Programme 2022-23	Key Financial System				1
Banking Services 2022-23	Key Financial System				
Officers Expenses & Allowances 2022-23	Key Financial System	1		1	1
Revenues Systems 2022-23	Key Financial System				
Grant Certification 2022-23	Key Financial System				
Income Streams	Key Financial System	3		3	
Payroll Probity	Key Financial System	8			
Creditors 2021-22	Key Financial System	1			
Street Cleansing 2022-23	System/Risk				
Development Management 2022-23	System/Risk				
Parks & Open Spaces 2022-23	System/Risk				
Rosliston Forestry Centre 2022-23	System/Risk		4		
Sheltered Housing - Careline 2022-23	System/Risk				
Land Charges 2022-23	System/Risk				
People Management 2021-22	System/Risk				1
Homelessness 2021-22	System/Risk		1		
Leisure Centres 2020-21	System/Risk	8			
Electoral Services 2020-21	System/Risk	4		2	1
Records Management 2022-23	Governance/Ethics	1			2
Risk Management 2022-23	Governance/Ethics	4			
Safeguarding 2022-23	Governance/Ethics				2
Data Quality & Performance Management 2022-23	Governance/Ethics	4			3
Organisational Culture & Ethics 2022-23	Governance/Ethics				
Corporate Governance 2021-22	Governance/Ethics	5			
Mobile Device Management	IT Audit				
Housing IT System Upgrades	IT Audit	1		10	1
Procurement 2022-23	Procurement/Contract				
Procurement 2021-22	Procurement/Contract	3			
<b>TOTALS</b>		<b>44</b>	<b>5</b>	<b>16</b>	<b>12</b>

## Recommendations Summary

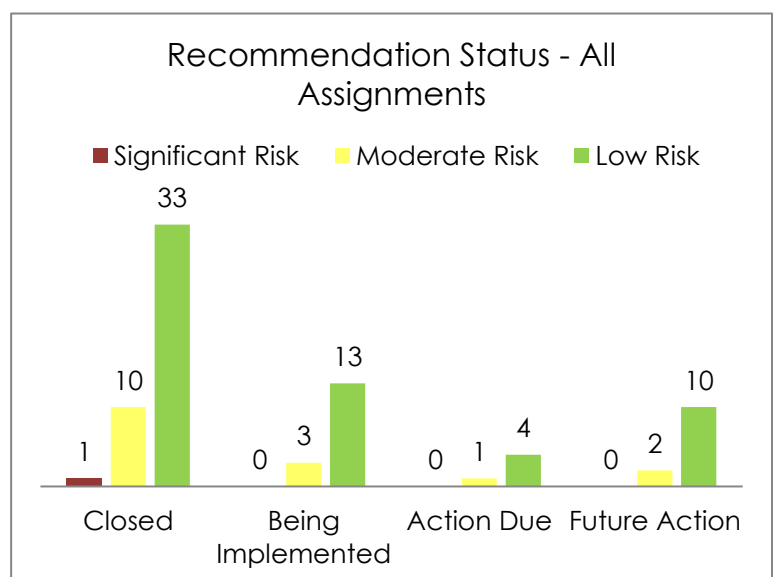
These 77 recommendations have resulted from the 22 audit assignments finalised either during 2022-23 or finalised in the time following the year-end. Approximately 78% of all recommendations made were considered to present a low risk, 21% a moderate risk and 1% a significant risk.



Of the 77 recommendations made, 57% have been closed, 21% have passed their original action date and a revised target has been set, 6% have passed their original action date but we have not yet received information regarding the status of management's action. The remaining 16% have an agreed original action date set in the future.



It is pleasing to note that the 1 significant risk recommendation has been addressed to our satisfaction, as have 10 of the moderate risk recommendations raised and 33 of the low risk recommendations. We will continue to monitor all recommendations not yet addressed and will bring those moderate risk recommendations that remain outstanding to the attention of the Audit Sub-Committee throughout the coming year.

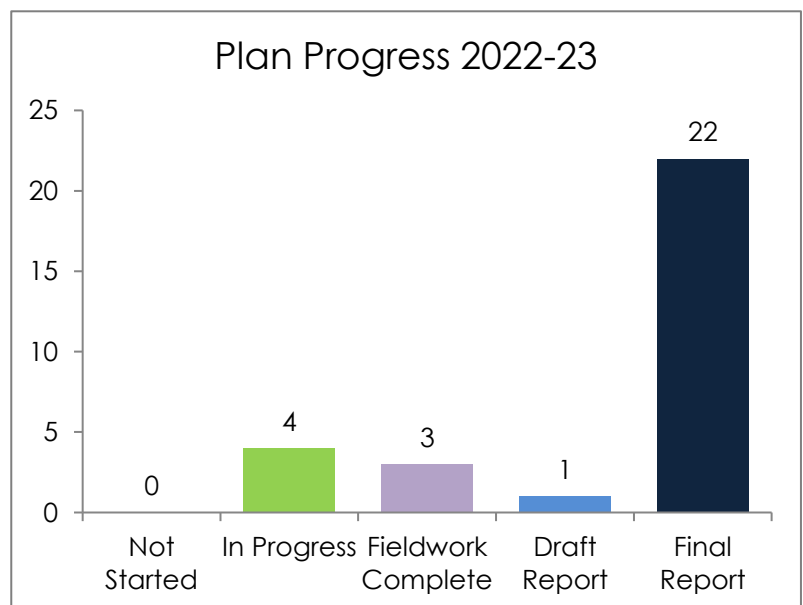


## Performance Measures

Of the 20 customer satisfaction surveys sent, only 55% have been returned. Surveys contain 11 questions regarding the audit service provided and asked managers to score each on a scale of 1-5 (1=Very Poor, 2=Poor, 3=Fair, 4=Good, 5=Excellent). From the 11 customer satisfaction returns received, the overall average score out of 55 was 53.9.



By the end of the 2022-23 we estimate that we had completed 87.3% of the revised Audit Plan against a target of 90%. The chart shows the current progress on 2022-23 audits as at the date of this report.



## QAIP – Improvement Plan

Actions	Current Position
1. We should ask staff to complete a Personal Development Plan as part of our overall Training & Development Plan for the Team.	Some staff have already identified their own development needs.
2. We should formally develop our approach around the use of data analytics and other CAATs and identify the benefits it could bring to the audit processes.	Four members of the team have been on a data analytics training course. Data analytics has been used in a couple of audits in the last couple of years.
3. We should continue to develop the process for incorporating other assurance information into our overall risk assessment process and our overall opinion and how the other assurance provider information we gather can be used to demonstrate an audit assurance framework for each partner organisation. We also need to get all Partners interested in producing their own Assurance Maps.	This approach may need to vary for each partner. All are at different stages in relation to what they are doing on assurance mapping and what CMAP can use in its process.
4. To support the improvement of the organisation's governance framework, we should undertake consultancy work to facilitate the self-assessment of the effectiveness of the Audit Committee at all partner organisations. This will be particularly important given the proposed changes to the composition of Audit Committees with the addition of co-opted/ independent members.	There is an annual exercise at DCC run by the Head of the Audit Partnership with the Chair of Audit and Governance Committee. Derby Homes management do a similar annual exercise with the Derby Homes Audit Committee. Other partners need to be encouraged to adopt an Audit Committee effectiveness assessment process.
5. We should consider how we could systematically evaluate the potential for the occurrence of fraud at each partner organisation and how each organisation manages fraud risk.	Audit work to inform this is underway at DCC. Each year CMAP are sent a series of fraud risk management related questions for each partner by the External Auditor.
6. To review all CMAP reports that are to be published to assess compliance with the Web Content Accessibility Guidelines (WCAG).	We will progress with this once we have purchased a new Audit Management System and assessed the reporting templates.

<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>21 JUNE 2023</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>AUDIT MANAGER</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ADRIAN MANIFOLD</b> <a href="mailto:Adrian.manifold@centralmidlandsaudit.gov.uk">Adrian.manifold@centralmidlandsaudit.gov.uk</a> <b>(01332 643281)</b>	<b>DOC:</b> h/CJ/governance/AGS/2022/AGS committee report
<b>SUBJECT:</b>	<b>INTERNAL AUDIT PROGRESS REPORT 2022/23</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS 02</b>

## **1.0 Recommendations**

That the report of the Audit Manager (Appendix 1) is considered, and any issues identified are 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 May 2022.

## **3.0 Detail**

3.1 The report of the Audit Manager is detailed in a report which 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: 21<sup>st</sup> June 2023



South Derbyshire  
District Council



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## Our Vision

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

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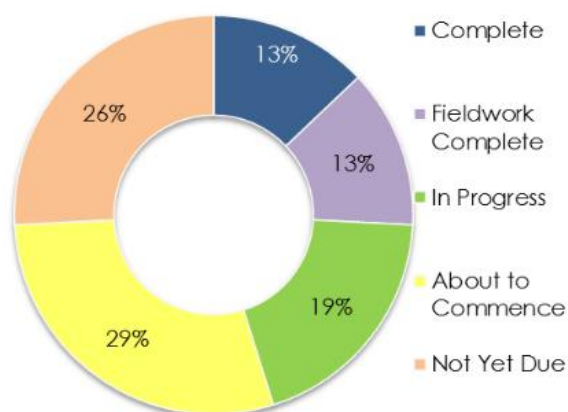
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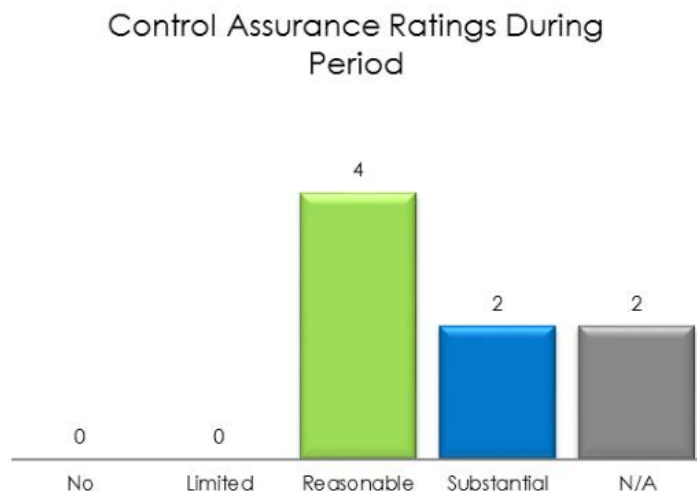
# South Derbyshire District Council – Audit Progress Report

## AUDIT DASHBOARD

### Plan Progress

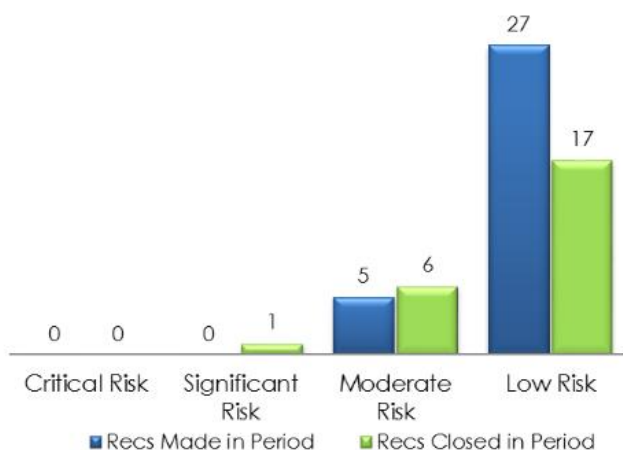


### Jobs Completed in Period



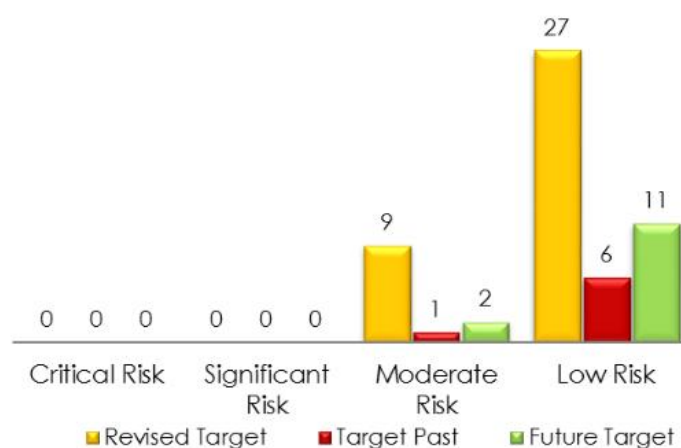
### Recommendations

Movement During Period



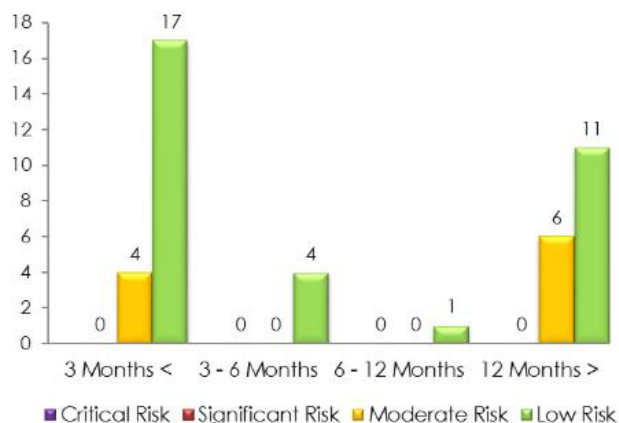
### Recommendations

Recommendations Currently Open



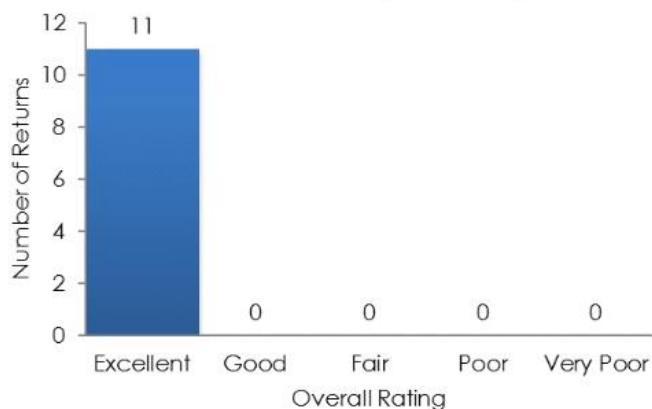
### Recommendations

Overdue Recommendations



### Customer Satisfaction

Returns Between May 22 & May 23



# 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 31<sup>st</sup> May 2023.

2023-24 Assignments	Status	% Complete	Assurance Rating
Leisure Centre Management - Tender 2023-24	Allocated	15%	
Bank House-Sabines Yard Project	Allocated	10%	
Grant Certification 2023-24	In Progress	10%	
Revenues Systems 2023-24	Not Allocated		
Housing Benefit & Council Tax Support 2023-24	Not Allocated		
IT Key Controls 2023-24	Allocated		
Health & Safety 2023-24	Not Allocated		
Trade Waste (Route Optimisation)	Allocated	10%	
Fleet Management 2023-24	Not Allocated		
Planning & Building Control Fees 2023-24	Allocated		
Section 106 Agreements 2023-24	In Progress	60%	
Climate Change 2023-24	Not Allocated		
Warden Controlled Services 2023-24	Allocated	10%	
Rosliston Forestry Centre 2023-24	Not Allocated		
Housing Repairs (2023-24)	Not Allocated		
Housing Safety Inspections 2023-24	Allocated	10%	
Improvement Grants 2023-24	Not Allocated		
Rent Accounting 2023-24	Allocated	5%	
Visitor Centre	Allocated	10%	
B/Fwd Assignments	Status	% Complete	Assurance Rating
Procurement 2022-23	Fieldwork Complete	90%	
Safeguarding 2022-23	Final Report	100%	Substantial
Capital Programme 2022-23	Final Report	100%	Substantial
Revenues Systems 2022-23	Fieldwork Complete	90%	
Mobile Device Management	In Progress	75%	
Data Quality & Performance Management 22-23	Final Report	100%	Reasonable
Street Cleansing 2022-23	Fieldwork Complete	80%	
Development Management 2022-23	Draft Report	95%	
Parks & Open Spaces 2022-23	In Progress	70%	
Sheltered Housing - Careline 2022-23	Final Report	100%	N/A
Land Charges 2022-23	In Progress	75%	
Organisational Culture & Ethics 2022-23	In Progress	75%	

### Plan Changes

None

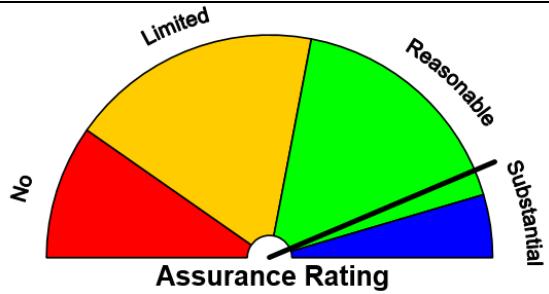
# South Derbyshire District Council – Audit Progress Report

## AUDIT COVERAGE

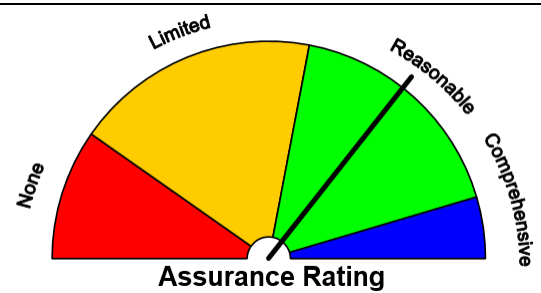
### Completed Audit Assignments

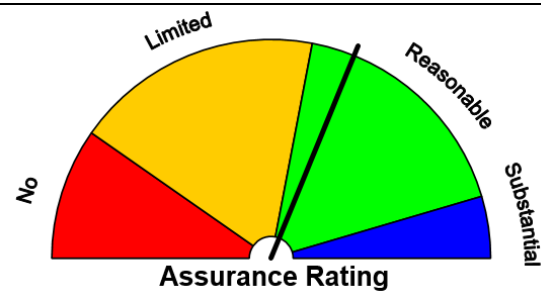
Between 22<sup>nd</sup> February 2022 and 31<sup>st</sup> May 2023, the following audit assignments have been finalised.

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Records Management 2022-23	Reasonable			1	2	33%
Electoral Services 2020-21	Reasonable			2	5	57%
Housing IT System Upgrades	Reasonable			2	10	8%
Data Quality & Performance Management 22-23	Reasonable				7	57%
Capital Programme 2022-23	Substantial				1	
Safeguarding 2022-23	Substantial				2	
Grant Certification 2022-23	N/A					n/a
Sheltered Housing	N/A					n/a

Records Management 2022-23					
Control Objectives Examined		Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
In accordance with relevant legislation, appropriate policies and procedures are in place to ensure information records are effectively managed, organised and controlled.		13	9	3	1
TOTALS		13	9	3	1
Summary of Weakness		Risk Rating		Agreed Action Date	
A risk analysis had not been undertaken by Heads of Service on their information, as required by the Council's Document Retention Schedule.		Moderate Risk		01/09/2023 Future Action	
Guidance to Heads of Service was not provided within the Information Security & Acceptable Use Policy, to maintain an inventory or log to record the manual/paper records they keep. There were subsequently inconsistencies across Council departments with their processes of determining and tracking records that had been archived or moved from one storage area to another.		Low Risk		01/09/2023 Future Action	
There were inconsistencies in Council department's approach to the review of records they retained and some departments did not maintain a record of the disposal of documents, including the date and method of disposal, along with the authorising officer, as per the Document Retention Policy.		Low Risk		01/03/2023 Implemented	

## South Derbyshire District Council – Audit Progress Report

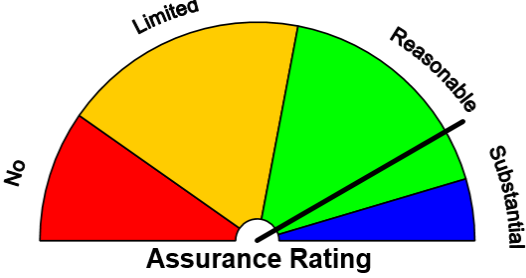
Electoral Services 2020-21				
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Robust controls are in place to ensure that the integrity of the electoral system is maintained.	15	12	3	0
Electoral Services expenditure is justified, accurate and approved.	8	4	3	1
<b>TOTALS</b>	<b>23</b>	<b>16</b>	<b>6</b>	<b>1</b>
Summary of Weakness		Risk Rating	Agreed Action Date	
There was no audit trail retained to confirm that election staff had attended adequate training.		Low Risk	Issue Not Accepted	
The Public Engagement Strategy was out-of-date, with an action plan dated 2016/2017.		Low Risk	31/08/2023 Future Action	
There was no evidence of controls in place to ensure a person did not act as proxy voter for more than the allowable number of electors. (NB We have been informed that this has been implemented. Need to examine evidence before signing off).		Low Risk	31/03/2023 Being Implemented 30/06/2023	
There was no current contract in place for the provision of election printing services.		Moderate Risk	31/03/2023 Being Implemented 30/09/2023	
Rates of pay for reimbursement of staff undertaking election duties had not been formally documented and agreed and did not include information on Returning Officer or Deputy Returning Officer fees, or an hourly overtime rate for the count. A full audit trail was not available for staff payments made in the 2021 elections.		Moderate Risk	Issue Not Accepted	
The Returning Officer fee for the May 2021 elections had not been formally authorised by the Chief Executive.		Low Risk	Issue Not Accepted	
Payments to the Deputy Returning Officer(s) in national elections were paid from Council budgets rather than from the reclaimable Returning Officer fee.		Low Risk	Implemented	

Housing IT System Upgrades				
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Ensure the Lifespan Housing application is secured and configured in	25	10	0	15

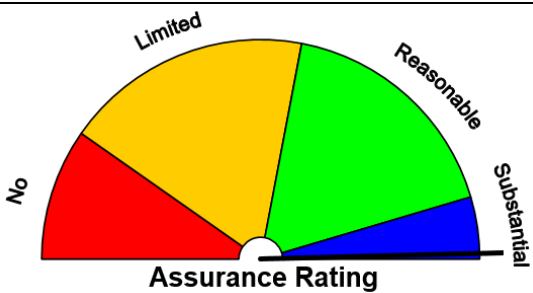
## South Derbyshire District Council – Audit Progress Report

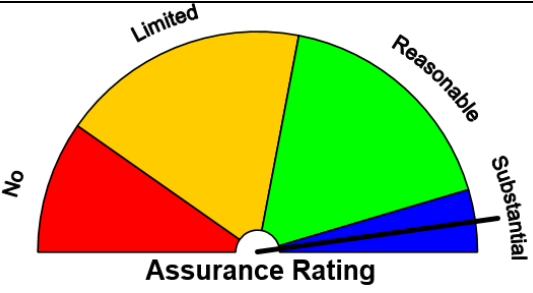
line with recognised cyber security and data protection best practices.				
<b>TOTALS</b>	<b>25</b>	<b>10</b>	<b>0</b>	<b>15</b>
Summary of Weakness	Risk Rating		Agreed Action Date	
A complete list of data quality related error and exception reporting requirements for the Lifespan Housing application had yet to be fully defined, documented and implemented.	Low Risk		01/08/2023 Future Action	
The Council was not utilising the audit trails present in the Lifespan Housing application for troubleshooting or tracking down possible breaches or misuse of the system.	Low Risk		01/06/2023 Being Implemented 01/08/2023	
Inconsistencies and unnecessary access permissions had been granted to certain contractor and auditor accounts in error, highlighting the need for regular access reviews.	Low Risk		Implemented	
Standard users and systems administrators were both subject to weak password policy in the Lifespan Housing application, where users could set 6-character passwords.	Low Risk		01/05/2023 Being Implemented 01/08/2023	
Access to Lifespan Housing, an Internet-facing web application, did not require MFA (multi-factor authentication).	Moderate Risk		01/05/2023 Being Implemented 01/08/2023	
The Lifespan Housing application was not configured to automatically log users off from the application after a certain period of inactivity.	Low Risk		01/06/2023 Being Implemented 01/08/2023	
Independent assurance that the Lifespan Housing application and supporting infrastructure was subject to regular penetration testing and vulnerability assessment, was not forthcoming from the software suppliers.	Low Risk		01/05/2023 Being Implemented 01/08/2023	
There was no formal process in place for monitoring the quality of service being provided by the software suppliers and hosts.	Low Risk		01/06/2023 Being Implemented 01/08/2023	
The Lifespan Housing application's web server still supported legacy encryption protocols (Transport Layer Security (TLS) 1.0 and 1.1), making the system and data vulnerable to compromise.	Low Risk		03/04/2023 Being Implemented 01/08/2023	
Medium security vulnerabilities were found in server-side software installed on the Lifespan Housing web server (an old unsupported version of jQuery).	Low Risk		01/05/2023 Being Implemented 01/08/2023	
Three user accounts created between September 2019 and December 2020 had not changed their initial default passwords, making the system vulnerable to unauthorised access.	Moderate Risk		01/05/2023 Being Implemented 01/08/2023	
Evidence of user training was not being formally recorded, there was no separate training environment, and users with live accounts in the production system had not yet received training.	Low Risk		01/05/2023 Being Implemented 01/08/2023	

## South Derbyshire District Council – Audit Progress Report

Data Quality & Performance Management 2022-23				
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
<b>'Household waste collected per head of population':</b>				
The correct definition and/or guidance has been applied	5	3	2	0
The systems used for collecting and recording the performance data are adequate and robust	7	3	4	0
The reported performance figures have been accurately calculated.	4	2	2	0
<b>'Percentage of collected waste recycled &amp; composted':</b>				
The correct definition and/or guidance has been applied	5	4	1	0
The systems used for collecting and recording the performance data are adequate and robust	6	4	2	0
The reported performance figures have been accurately calculated.	3	1	2	0
<b>TOTALS</b>	<b>30</b>	<b>17</b>	<b>13</b>	<b>0</b>
Summary of Weakness		Risk Rating	Agreed Action Date	
The formula within the Performance Indicator Methodology for 'Household waste collected per head of population' was incorrect and not consistent with the actual formula being used in the Weight Ticket Spreadsheet.		Low Risk	Already Implemented	
The Performance Indicator Methodology for the indicator 'percentage of collected waste recycled and composted' did not include the frequency at which performance was required to be measured.		Low Risk	Already Implemented	
There were no formal procedure notes or guidance in place to assist in the inputting, calculating, and scrutinising of performance data within the Weight Ticket Spreadsheet with respect to the indicators 'Household waste collected per head of population' and 'Percentage of collected waste recycled and composted'.		Low Risk	31/12/2023 Future Action	
We found that the Weight Ticket 2021-22 spreadsheet, lacked a number of details we would have expected to see in order to provide a suitable audit trail and reduce the risk of error.		Low Risk	31/12/2023 Future Action	
Data for the contractors responsible for dealing with carboard & paper and mixed recycling, were being manually entered into the Council's Weight Ticket Spreadsheet. Additionally, formula cells used to calculate the Council's performance data were not locked, leading to an increased risk of error within the spreadsheet.		Low Risk	31/12/2023 Future Action	
Following an update to population figures used to calculate performance figures, changes to performance figures for Q1 and Q2 had not been reflected within the Corporate Plan 2020-2024 Performance Measure Report for May 2022.		Low Risk	Already Implemented	
At the time of audit, we could not confirm that performance indicator figures for 'Household waste collected per head of population' and 'Percentage of collected waste recycled and composted', were being verified and authorised by the Data Reviewer prior to submission.		Low Risk	Already Implemented	

## South Derbyshire District Council – Audit Progress Report

Capital Programme 2022-23	 <p>Assurance Rating</p>			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Policies and procedures are in place to support the establishment of a capital programme.	6	6	0	0
Capital schemes have been appropriately prioritised and approved.	6	5	1	0
Progress against the Capital Programme has been robustly monitored.	7	7	0	0
<b>TOTALS</b>	<b>19</b>	<b>18</b>	<b>1</b>	<b>0</b>
Summary of Weakness		Risk Rating	Agreed Action Date	
The project management resources and expertise available at the Council was not being fully utilised to support capital projects.		Low Risk	30/09/2023 Future Action	

Safeguarding 2022-23	 <p>Assurance Rating</p>			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
An up-to-date safeguarding policy is in place which sets out the procedure for key organisational controls relating to the highlighting of safeguarding concerns.	6	5	1	0
A comprehensive safeguarding action plan is in place that is regularly reviewed and actioned by key officers within the Council.	5	4	0	1
All staff within the Council are fully aware of their responsibility in relation to safeguarding and adequate training is available to reinforce this.	4	3	1	0
<b>TOTALS</b>	<b>15</b>	<b>12</b>	<b>2</b>	<b>1</b>
Summary of Weakness		Risk Rating	Agreed Action Date	
Outcomes from the Safeguarding Group meetings were not being reported to Members via the Finance & Management Committee.		Low Risk	30/06/2023 Future Action	
47% of Elected Members had not completed formal safeguarding training at the time of audit.		Low Risk	31/07/2023 Future Action	

## South Derbyshire District Council – Audit Progress Report

<b>Grant Certification 22-23</b>	<b>Assurance Rating: N/A</b>
<p>Throughout the year Internal Audit was asked to examine the documents to support the following grant projects and certify that having scrutinised the relevant payments in our opinion, in all significant respects, the conditions attached to each grant listed below had been complied with:</p> <ul style="list-style-type: none"> <li>• Green Homes Grant: Local Authority Delivery Grant Determination (2021): No 31/5336.</li> <li>• Green Homes Grant: Local Authority Delivery Grant Determination (2020): No 31/5187.</li> <li>• Revenue grant determination (ringfenced): Local Authority Test and Trace Support Payment Scheme Funding Grant Determination (2020/21 and 2021/22).</li> <li>• Section 31 (Local Government Act 2003) Grant Determination for the Biodiversity Net Gain Grant 2022/23: Grant No. 31/6499.</li> </ul>	

<b>Sheltered Housing</b>	<b>Assurance Rating: N/A</b>
<p>From a review of the available data, we found that the current sheltered housing provision does not fully meet the needs of the target population. There is some indication that certain types of property and locations are more affected than others, with a proportion of the sheltered housing stock being particularly hard to let.</p> <p>We advised that management review the data and suggestions presented in our report and develop and deliver policies governing the future of sheltered housing provision as it deems appropriate. Any policy decisions should carefully consider the impact on current tenants, who should be treated with sensitivity and consulted appropriately during the process.</p>	
Potential Risks	Mitigating Actions
<p>If demand for sheltered housing properties is low, there is a risk that properties cannot be let, consequently rental income will be impacted.</p>	<p>We suggest that the Council reviews the data presented within this report and considers whether the sheltered housing currently provided adequately meets the needs of the population.</p> <p>A consistent methodology should be developed within which to assess sheltered schemes and inform decisions on future use. Such a methodology might include a weighted scoring system, considering aspects such as:</p> <ul style="list-style-type: none"> <li>• building condition</li> <li>• design</li> <li>• layout</li> <li>• facilities</li> <li>• adaptations</li> <li>• resident views</li> <li>• location</li> <li>• financial viability.</li> </ul> <p>Schemes should be assessed and, if it is determined that a scheme is not suitable in its current form, it should be considered for remodelling, refurbishment, declassification to the general needs market/as supported housing for other vulnerable groups, for redevelopment or for disposal. The basis for such decisions should be clearly recorded to ensure transparency and appropriate consultation with tenants should form part of the decision-making process.</p>
<p>If the target market for sheltered housing is not clearly defined, there is a risk that eligible residents may be deterred from applying for sheltered housing, impacting rental income.</p>	<p>We suggest that the definition of sheltered/supported housing should be reviewed to ensure clarity over the Council's sheltered housing offer and consistency of related documentation.</p>

## South Derbyshire District Council – Audit Progress Report

<p>If the designation of properties as sheltered or otherwise within Orchard is not reflective of decisions agreed by elected Members, there is a risk that properties will not be let in line with these decisions, which may cause reputational damage and impact on value for money.</p>	<p>We suggest that a data cleansing exercise is undertaken in which the sheltered schemes in Orchard are reviewed to determine whether properties within the scheme are correctly classified as sheltered or general purpose and whether age-restricted allocation alerts are still relevant, with reference to the original declassification Committee reports. Where schemes have been previously approved for declassification and there are no remaining original tenants, this may provide a basis for declassifying properties to general purpose and removing allocation restrictions applying to the block. Consideration should however be given to further consultation with residents, where deemed appropriate, given the passage of time.</p>
<p>If sheltered properties are erroneously considered exempt from the right to buy, there is a risk that the Council has greater exposure to property loss through right to buy than is currently recognised and this may lead to financial loss.</p>	<p>We suggest that any decisions made on remodelling of existing sheltered housing should carefully consider how the potential risk of eligibility to the right to buy might be impacted.</p>

## 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
25-Apr-23	Capital Programme 2022-23	Substantial			1
31-May-23	Data Quality & Performance Management 22-23	Reasonable			3
05-May-23	Safeguarding 2022-23	Substantial			2
31-Oct-22	Rosliston Forestry Centre 2022-23	Reasonable	4		
28-Feb-23	Records Management 2022-23	Reasonable			2
24-Oct-22	Officers Expenses & Allowances 2022-23	Reasonable		1	1
02-Aug-22	Income Streams	Reasonable		3	
16-Mar-23	Housing IT System Upgrades	Reasonable		10	1
22-Aug-22	Homelessness 2021-22	Substantial	1		
23-Feb-22	Climate Change	Substantial		1	
29-Jul-22	People Management 2021-22	Substantial			1
31-Mar-22	Revenues Systems 2021-22	Substantial		1	
10-Mar-22	Rent Accounting 2021-22	Reasonable	1	3	
15-Sep-21	Insurance	Substantial			1
06-Jan-21	Tenancy Management (Interventions & Support)	Substantial		1	
08-Mar-23	Electoral Services 2020-21	Reasonable		2	1
16-Jun-21	Housing Repairs 2020-21	Limited		5	
06-Aug-20	Bereavement Services 2019-20	Reasonable		2	
22-Oct-20	Grounds Maintenance 2019-20	Reasonable	1	5	
29-Aug-19	Corporate Governance 2018-19	Reasonable		1	
07-Aug-17	Parks & Open Spaces	Reasonable		1	
		<b>TOTALS</b>	<b>7</b>	<b>36</b>	<b>13</b>

**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.

Audit Assignments with Recommendations Due	Action Due			Being Implemented		
	Significant Risk	Moderate Risk	Low Risk	Significant Risk	Moderate Risk	Low Risk
Rosliston Forestry Centre 2022-23		1	3			
Officers Expenses & Allowances 2022-23						1
Income Streams						3
Housing IT System Upgrades					2	8
Homelessness 2021-22			1			
Climate Change						1
Revenues Systems 2021-22						1
Rent Accounting 2021-22			1		1	2
Tenancy Management (Interventions & Support)						1
Electoral Services 2020-21					1	1
Housing Repairs 2020-21					3	2
Bereavement Services 2019-20					1	1
Grounds Maintenance 2019-20			1		1	4
Corporate Governance 2018-19						1
Parks & Open Spaces						1
<b>TOTALS</b>		<b>1</b>	<b>6</b>		<b>9</b>	<b>27</b>

## 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.

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.</p> <ul style="list-style-type: none"> <li>Engage the Council's DSO to provide the service at the rural cemeteries as well as the urban cemeteries.</li> <li>The area of spend may be relevant to an existing or new framework agreement/contract which should be used to formalise the process.</li> <li>If no competitive market is available this should be demonstrated and a formal exemption from the Contract Procedure Rule should be put in place.</li> </ul>		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
We will look to do an options appraisal to identify future service delivery, this could be either in-house or to go out to formal tender. This appraisal should be concluded by February 2023 and subsequent action will then be taken thereafter.		01/03/2023 Action Due

## South Derbyshire District Council – Audit Progress Report

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"> <li>• Date and time issue was reported.</li> <li>• Location of work.</li> <li>• Details of issue.</li> <li>• Urgency.</li> <li>• Customer details.</li> <li>• Work completed date.</li> <li>• Time spent on work.</li> <li>• Operative name.</li> <li>• Outcome.</li> </ul> <p>This information should be monitored to draw out the following:</p> <ul style="list-style-type: none"> <li>• Time spent on reactive work vs planned work, to inform workforce planning.</li> <li>• Responsiveness to requests, to allow effectiveness to be determined.</li> <li>• Trends in the types of work requested, to inform planned maintenance.</li> </ul>		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
The service currently does not operate with any digitised system. The current system of monitoring activities to completed paper job sheets will continue until such time as GM performance management system can be funded and procured. The supervisory team will be responsible for maintaining the records of completed jobs.		01/01/2024 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"> <li>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.</li> <li>The possibility of sending job tickets directly from Orchard to operative's smartphones (or scanning and emailing them) is investigated.</li> <li>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.</li> <li>Training requirements for operatives are considered to allow implementation of the above and further training be undertaken, where required.</li> </ul>	Moderate Risk
Management Response/Action Details	Action Date
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. Written instruction for the completion of job tickets will be provided for operatives by the Interim Team Leader (by 30/07/2021). 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.	01/10/2021
Status Update Comments	Revised Date
Electronic job ticket process in trial with DLO. Full implementation will rely on the upgrade of the Orchard system and the commencement of new Repairs Manager in Post. Dynamic Scheduling /Mobile working module has been purchased and implementation underway.	01/12/2023 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 this should be monitored by management until embedded.</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
Draft Stock list by trade devised for supplier for further review. Date now end of June. Manual process in place - stock invoice being attached to completed job sheet.	30/06/2023 Future Action

## South Derbyshire District Council – Audit Progress Report

Housing Repairs 2020-21	Rec No. 6
Summary of Weakness / Recommendation	Risk Rating
<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>	<b>Moderate Risk</b>
Management Response/Action Details	Action Date
<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	Revised Date
<p>Manual quarterly van stock now in place and should be marked as complete.</p> <p>Electronic solution still in discussion with supplier.</p> <p>Need to examine evidence before signing off.</p>	<p>30/06/2023</p> <p>Future Action</p>

Electoral Services 2020-21	Rec No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>There was no current contract in place for the provision of election printing services.</p> <p>We recommend that the Council pursues one of the following actions:</p> <ul style="list-style-type: none"> <li>A corporate contract may be required for the area of spend and as such a formal procurement exercise should be undertaken.</li> <li>The area of spend may be relevant to an existing or new framework agreement/contract which should be used to formalise the process.</li> <li>Where a tender exercise would not be beneficial to the Council or where the particular organisation is required for a specific reason, a formal exemption from the Contract Procedure Rules should be sought.</li> </ul>	<b>Moderate Risk</b>
Management Response/Action Details	Action Date
<p>A tender exercise may not be suitable due to the specialist nature of this contract.</p> <p>A formal exemption under the Contract Procedure Rules will be explored.</p>	31/03/2023
Status Update Comments	Revised Date
<p>This exemption may only be signed off by a report the Strategic Director (Corporate Resources). It is my understanding the new postholder will commence employment with the Council in June.</p> <p>On that basis, this recommendation will require a revised implementation date; I would suggest September.</p>	<p>30/09/2023</p> <p>Future Action</p>

## South Derbyshire District Council – Audit Progress Report

Rent Accounting 2021-22	Rec No. 7
Summary of Weakness / Recommendation	Risk Rating
<p>Energy costs paid by the Council for individual properties were not consistently recharged to tenants and there was a large outstanding debt relating to this.</p> <p>We recommend that the Council writes off outstanding ground source heating debts where there is insufficient legal basis to pursue recovery. Furthermore, for existing tenants, appropriate action should be taken to obtain agreement to future energy cost charges, which should be invoiced as soon as possible to prevent further financial loss to the Council.</p>	<b>Moderate Risk</b>
Management Response/Action Details	Action Date
<p>Agreed, the Former Tenant Arrears Officer will prepare the documentation for write off where recovery cannot be pursued against former / current tenants for ground source heating charges at Brook Street, Hartshorne.</p> <p>A third-party agent is currently being procured to take meter readings and prepare figures for consumption costs to the responsible tenant for payment. At this point it is the Councils intention for the third-party agent to read meters and invoice tenants, however this may change in so far as Business Support may invoice tenants and collect the payments which are due.</p> <ul style="list-style-type: none"> <li>Once procured, all existing tenants will be required to re-sign a contract indicating their agreement to be responsible for and pay their ground source heating charges to the Council.</li> <li>All new tenants will sign a separate contract/letter when they sign their new Tenancy Agreement indicating their agreement to be responsible for and pay their ground source heating charges.</li> <li>The Former Tenant Arrears Officer and the Tenancy Services Manager will have operational responsibility for implementing this recommendation.</li> </ul>	31/03/2022
Status Update Comments	Revised Date
<p>Outstanding debts have now been written off. Tenants have been given written notice of billing. A process for billing has been prepared and meter readings for Carnegie House are now being taken and billed monthly. Tenancy Agreements for Accommodation at Carnegie House have now been updated to include service charges. Currently unable to get meter readings for Brook Street however officers are in discussion with the contractor to resolve this.</p>	<p>31/10/2023</p> <p>Future Action</p>

Housing IT System Upgrades	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>Access to Lifespan Housing, an Internet-facing web application, did not require MFA (multi-factor authentication).</p> <p>We recommend that management works with the software suppliers to formally request development of multi-factor authentication and conditional access features in future versions of the software.</p>	<b>Moderate Risk</b>
Management Response/Action Details	Action Date
Agreed. To be pursued with supplier.	01/05/2023
Status Update Comments	Revised Date
Due to sickness absence these actions have not been progressed. Suitable temporary cover is being sought.	<p>01/08/2023</p> <p>Future Action</p>

## South Derbyshire District Council – Audit Progress Report

Housing IT System Upgrades	Rec No. 11
Summary of Weakness / Recommendation	Risk Rating
<p>Three user accounts created between September 2019 and December 2020 had not changed their initial default passwords, making the system vulnerable to unauthorised access.</p> <p>We recommend that management considers setting random unique passwords for each new user, and ensures users are required to set a custom password in a timely manner. This could form part of the new user training process.</p>	Moderate Risk
Management Response/Action Details	Action Date
Agreed.	01/05/2023
Status Update Comments	Revised Date
Due to sickness absence these actions have not been progressed. Suitable temporary cover is being sought.	01/08/2023
	Future Action

Rosliston Forestry Centre 2022-23	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Some of the pathways through the forest were in poor condition and no longer accessible to members of the public with disabilities. Ongoing talks with Forestry England regarding the lease agreement was delaying any repair works, causing them to increase in cost.</p> <p>We recommend that the Council, in conjunction with Forestry England, negotiate a lease agreement that clearly outlines the Council's responsibilities within the Forestry Centre. Should the maintenance of pathways fall with the Council, they should then look at repairing these pathways or altering the visitor map to make people aware that they are no longer entirely accessible.</p>	Moderate Risk
Management Response/Action Details	Action Date
To be considered as part of the lease renewal. Possible funding opportunities via the National Forest.	01/06/2023
Status Update Comments	Revised Date
	Action Due

## 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
Files and documentation confirming compliance with safety standards was not held centrally, but rather in separate project files in the Cultural Services Department.  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.	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
Training was undertaken on 3rd May 2023 to role this out. We are now in the active trial mode so should be fully operational by end of July.	01/07/2023 Future Action

Bereavement Services 2019-20	Rec. No. 5
Summary of Weakness / Recommendation	Risk Rating
Historic graves and burials information had not been fully digitised.  The Council should consider making resource available to digitise historic graves and burials information to minimise the risk of data loss.	Low Risk
Management Response/Action Details	Action Date
Report being drafted to Leadership Team and Housing and Communities Committee.	30/11/2020
Status Update Comments	Revised Date
Currently recruiting a Service Admin Assistant. Once recruited which we are hoping will be in June/July part of their remit will be to work through the historic burial information and digitise it. Aiming to complete work depending on recruitment by end of year December 2023.	31/12/2023 Future Action

## South Derbyshire District Council – Audit Progress Report

Corporate Governance 2018-19		Rec. No. 2
Summary of Weakness / Recommendation		Risk Rating
<p>The Members' Code of Conduct had not been reviewed since 2014, and was found to be out-of-date.</p> <p>We recommend that the Council review and update the Members' Code of Conduct as soon as practically possible. A review schedule and version control should also be incorporated into the code to ensure that future reviews are conducted on a timely basis.</p>		Low Risk
Management Response/Action Details		Action Date
The Members' Code of Conduct is compliant with current standards legislation. A review of the Code will be carried out in due course.		31/12/2020
Status Update Comments		Revised Date
The LGA has issued a revised Code of Conduct, along with guidance documents to assist with the Code. It has been decided by Full Council for the Code to be adopted in May 2023, following the next election. In the meantime, Members have had a copy of the draft for information and comment.		01/06/2023 Action Due

Grounds Maintenance 2019-20		Rec. No. 1
Summary of Weakness / Recommendation		Risk Rating
<p>Arrangements for ensuring the updated GIS system remains accurate and up-to-date had not been confirmed.</p> <p>We recommend that a corporate decision is secured on where the responsibility lies for ensuring the GIS system is accurately maintained and up-to-date, and that this decision is effectively communicated and resourced.</p>		Low Risk
Management Response/Action Details		Action Date
A project to map all environmental assets on the Corporate GIS system has been concluded. A report to E&DS and F&M Committees has allocated resources to Operational Services to maintain the data on GIS. A further process is being developed to ensure all departments provide the required data to Operational Services in order to accurately maintain the Environmental Assets layer on GIS.		01/01/2021
Status Update Comments		Revised Date
New Head of Service to be appointed and date extended to Dec 2022.		31/12/2022 Action Due

## South Derbyshire District Council – Audit Progress Report

Grounds Maintenance 2019-20	Rec. No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>The specification and associated bills of quantities were out-of-date, having not been updated since 2011.</p> <p>We recommend that resources should be identified to review and update the specification and associated bills of quantity to reflect the current situation, to ensure better clarity over the areas covered within the 'contract' and the detailed requirements.</p>	Low Risk
Management Response/Action Details	Action Date
<p>Previous detailed specification to be reviewed for Housing land and Cultural and Community Service land. Timing will depend on when restructures are in place. Officers with operational responsibility are the Parks and Green Space Manager and the Housing Improvement and Asset Manager.</p>	01/10/2021
Status Update Comments	Revised Date
<p>This review will commence once the new management and office structure is in place to provide sufficient support to the process.</p>	31/03/2024 Future Action

Grounds Maintenance 2019-20	Rec. No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>There was no formal process through which reactive works could be requested from Operational Services.</p> <p>The Council should develop a formal process through which requests for grounds maintenance works should be made. This would help to ensure that all requests are properly authorised, allocated and tracked. One option could be to introduce a standard Job Request Form and a dedicated email address to receive requests.</p>	Low Risk
Management Response/Action Details	Action Date
<p>A dedicated email already exists to receive requests GroundsDistList@southderbyshire.gov.uk. Operational Services is currently undertaking a management restructure, a formal process will be developed and implemented following this restructure.</p>	01/04/2021
Status Update Comments	Revised Date
<p>The service currently does not operate with any digitised system. The current system of monitoring activities to completed paper job sheets will continue until such time as GM performance management system can be funded and procured. The supervisory team will be responsible for maintaining the records of completed jobs.</p>	01/01/2024 Future Action

## South Derbyshire District Council – Audit Progress Report

Grounds Maintenance 2019-20	Rec. No. 8
Summary of Weakness / Recommendation	Risk Rating
Monitoring of quality of work performed did not take place or was not formally recorded.  We recommend that regular quality monitoring is undertaken to ensure that quality of work meets the standards set within a revised specifications, and any performance issues are addressed.	Low Risk
Management Response/Action Details	Action Date
Quality Monitoring Schedule derived from annual plan/programme for Housing Land and Cultural and Community Services land to be implemented. Officers with operational responsibility are the Parks and Green Space Manager and the Housing Improvement and Asset Manager.	01/04/2021
Status Update Comments	Revised Date
The service currently does not operate with any digitised system. The current system of monitoring activities to completed paper job sheets will continue until such time as GM performance management system can be funded and procured. The supervisory team will be responsible for maintaining the records of completed jobs.	01/07/2023 Future Action

Tenancy Management (Interventions and Support)	Rec. No. 1
Summary of Weakness / Recommendation	Risk Rating
Tenants on Universal Credit (UC) did not have independent access to their details and rental account, specifically rent due dates and any accrued arrears.  We recommend that Housing Services consider adding the self-service module to Orchard Housing System, to allow tenants on UC to access their details and manage their rental account remotely. This would ensure that tenants are fully in control of their funds.	Low Risk
Management Response/Action Details	Action Date
SDDC are considering the purchase and implementation of this module as part of the wider procurement of the Housing Management Software. A decision will be made by the end of February 2021	28/02/2021
Status Update Comments	Revised Date
SDDC will look to address this with the introduction of a Tenant Portal in Spring 2023. Currently Tenants are aware that rent is charged weekly on a Monday as this is stated in their tenancy agreement and the amount charged will be on the copy of their tenancy contract page. When the rent increases or decreases each year, the tenants are informed of this. They also receive rent statement (s) and rent arrears letters advising of their rent situation. Customer services also provide this information when a tenant contacts them direct. This should now be marked as Complete. The online Tenant Portal has been implemented and is now live.  Need to examine evidence before signing off.	01/07/2023 Future Action

## South Derbyshire District Council – Audit Progress Report

Housing Repairs 2020-21		Rec. No. 9
Summary of Weakness / Recommendation		Risk Rating
<p>Post inspections were not being carried out on a sample of day-to-day repairs.</p> <p>We recommend that a regime of post inspections for a sample of day-to-day repairs is developed and implemented. Inclusion of aspects such as, materials usage and time spent on the repair should be considered. This process should be managed by the Repairs &amp; Improvements Team Leader to ensure a broad spread of all work types are covered and that any issues identified are duly investigated and rectified.</p>		Low Risk
Management Response/Action Details		Action Date
A trial post inspection regime is now in place. The effect of this will be reviewed by the newly appointed Repair Manager prior to implementation within the team.		01/11/2021
Status Update Comments		Revised Date
<p>The Repairs Manager has identified that the Orchard system has not been used correctly to process post inspections for some time. Consequently, there are a considerable number of inspections that must be closed down.</p> <p>In the meantime as the Orchard system needs to be cleansed and reconfigured the Repairs Team are carrying out post inspections based on the following criteria.</p> <ul style="list-style-type: none"> <li>• All formal complaints</li> <li>• Extensive works.</li> </ul> <p>Written criteria will be confirmed by the end of July 2023.</p>		<p>31/07/2023</p> <p>Future Action</p>

## South Derbyshire District Council – Audit Progress Report

Housing Repairs 2020-21		Rec. No. 10
Summary of Weakness / Recommendation		Risk Rating
<p>There was no clear process by which work was allocated to the repairs &amp; maintenance contractor, rather than the Direct Labour Organisation (DLO), and there was no formal monitoring of the distribution of work to the DLO in comparison to the contractor.</p> <p>We recommend that a robust process is developed to ensure that the split of work allocated to the DLO versus the contractor fully considers the type and quantity of work, to ensure this maximises capacity, costs and efficiency. Furthermore, the work allocation should be suitably monitored to enable any trends relating to skillsets or capacity to be identified and addressed.</p>		Low Risk
Management Response/Action Details		Action Date
<p>The Contract with NOVUS for day to day repairs is a support contract. This requires them to operate with a high degree of flexibility in order to meet repair requests that the in house team cannot fulfil. This can be for a number of different reasons for any given repair.</p> <ul style="list-style-type: none"> <li>In the case of electrical works the current DLO do not have any electricians so are unable to complete any such works.</li> <li>In the case of repairing/replacing wet room repairs the DLO do not have any operatives qualified to carry out this work.</li> <li>In all other areas of work the contractor may be required to assist for a range of reasons, including the staff availability, scale and nature of works</li> <li>Monitoring of day to day repair works issued and completed by the contractor is carried out as part of the monthly contract monitoring process.</li> <li>A formal process for the allocation of works will be included within the procedural notes to be completed in response to Recommendation 1 above.</li> </ul>		30/11/2021
Status Update Comments		Revised Date
<p>The Repairs Manager is carrying out an exercise to confirm criteria on which the allocation of work can be based, these are around the skills and capacity of the DLO.</p> <p>The following trades/tasks must all be completed by Contractors rather than DLO.</p> <ul style="list-style-type: none"> <li>Electrical works</li> <li>Floor laying</li> <li>Felting and other hot works</li> <li>Works requiring scaffolding</li> <li>Damp Proof Course works</li> <li>Construction and structural work</li> </ul> <p>Written notes/instruction will be produced by the end of June 2023.</p>		<p>30/06/2023</p> <p>Future Action</p>

## South Derbyshire District Council – Audit Progress Report

Rent Accounting 2021-22				Rec. No. 6
Summary of Weakness / Recommendation				Risk Rating
Service charges were not clearly documented in tenancy agreements and licence agreements and evidence to support their reasonableness was sometimes insufficient.				Low Risk
We recommend that tenancy agreements and licence agreements clearly set out any service charge payable and what it is intended to cover. Such service charges should be set with regard to the actual expenditure incurred to ensure reasonableness and should be included in the annual review of fees and charges, agreed by Committee.				
Management Response/Action Details				Action Date
1) With immediate effect, all new property lettings (this only currently applies to Pear Tree Court) where a service charge applies, will be set out as follows in the charges shown on a new Tenancy Agreement:				31/03/2022
The rent is:	£	72.74	per week	
Variable service charge:	£	7.00	per week (for communal heating)	
Total weekly Rent:	£	79.74	per week	
The variable service charge is shown separately on Orchard under the Charges column				
The Tenancy Services Manager and Senior Housing Officer will have operational responsibility for implementing this recommendation.				
2) It had been noted that a non-transparent charge was being made at temporary accommodation property in Carnegie House. After investigation, it has been established that at present only electric which a tenant has consumed should be charged for.				
The matter is currently with the Councils Legal Dept to advise on how usage of electricity should be treated (electricity being a utility to be paid for) and a process agreed to provide and pass on this charge to both existing and new tenants. KB is currently investigating and will report by end of July 2022. At present the current provisions remain in place.				
The Tenancy Services Manager, Asset and Improvements Manager and Housing Solutions and Support Manager will have operational responsibility for implementing this recommendation.				
Status Update Comments				Revised Date
Complete for Secure Tenancy Agreement. Licence Agreements outstanding.				01/06/2023

<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>21 JUNE 2023</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>HEAD OF LEGAL AND DEMOCRATIC SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ARDIP SANDHU (01283 595715)</b> <a href="mailto:Ardip.sandhu@southderbyshire.gov.uk">Ardip.sandhu@southderbyshire.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>LOCAL CODE OF CORPORATE GOVERNANCE REVIEW</b>	
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS 04</b>

## **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. The National Framework was published by the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) to ensure proper and robust governance in local authorities. The Framework was published and adopted by the Council in 2016.

## **3.0 Detail**

### **Background**

- 3.1 Corporate Governance relates to having a system by which a local authority directs and controls its functions and relates to its local community.
- 3.2 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**

- 3.3 The Framework is based on a set of core principles and is intended to assist local authorities individually in reviewing and accounting for their own approach.
- 3.4 The overall aim of a 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.

- 3.5 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**

- 3.6 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.

- 3.7 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**

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

- 3.9 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.

- 3.10 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**

- 3.11 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.

- 3.12 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:

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- Continuing growth of the district and its increasing population.

- The general uncertainty regarding national funding for local authorities.
- Delivering aspirations in the Corporate Plan (2020 to 2024).
- Adapting service delivery and working arrangements post Covid-19.

### **Improvements and On-Going Work**

3.13 **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.

3.14 The main actions approved for 2022/23 include the following.

<b>Principle</b>	<b>Action</b>	<b>Progress</b>
<b>Behaving with Integrity (P1)</b>	A new Councillor Code of Conduct based on a national model, is due to be implemented in May 2023.	A new Councillor Code of Conduct based on a national model, was considered and adopted by Annual Council on 18 May 2023.
<b>Demonstrating Ethical Values (P1)</b>	To undertake and review outcomes from a staff survey.	The survey is due to commence in October 2023
<b>Workforce Development Strategy (P5)</b>	The existing Strategy is due for review in 2022/23.	It is proposed to review and update the Strategy in July 2023. After a period of consultation, it is tabled to be reported to the Finance and Management Committee in November 2023.

## **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

The Principles and the Council's systems and processes which comprise the Government Framework.	Improvements identified, future developments, on-going work and actions completed in 2022/23.
<p><b>1. <u>Behaving with integrity, upholding ethical values and respecting the rule of law</u></b></p> <p><b><i>Behaving with integrity</i></b></p> <ul style="list-style-type: none"> <li>• Codes of Conduct for Members and Officers.</li> <li>• Separate Standards Committee with Independent Persons.</li> <li>• Register of Interests for Gifts and Hospitality.</li> <li>• Process for declaration of personal interests.</li> <li>• Protocol on Member and Officer Relationships.</li> <li>• Member Codes of Practice for the Planning process, the use of ICT, Licensing Committee, and representation on outside bodies.</li> </ul> <p><b><i>Demonstrating a strong commitment to ethical values</i></b></p> <ul style="list-style-type: none"> <li>• Ethics Statement setting out Ethical Standards for Officers.</li> <li>• 3 Key Values contained in the Corporate Plan – <i>Pride, Respect and Excellence</i>.</li> </ul> <p><b><i>Respecting the rule of law</i></b></p> <ul style="list-style-type: none"> <li>• An overall Constitution which governs the Council</li> <li>• Regulatory Committees for Planning and Licensing.</li> <li>• Health and Safety Committee.</li> <li>• Statutory Section 151 (Finance) and Monitoring Officers (Legal) appointed to ensure compliance with the law, regulations, and procedures.</li> <li>• 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.</li> </ul>	<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>A new Councillor Code of Conduct based on a national model, was considered and adopted by Annual Council on 18 May 2023</p> <p>Work is progressing 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 survey is due to be commenced in October 2023.</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.
- Equality, Diversity, and Inclusion Strategy (2020 to 2024) with a work programme which is being monitored by an Equalities Steering Group, consisting of people from outside bodies and representative groups.

### ***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.

**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.

**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.
- 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.

**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.

<p><b>5. <u>Developing the entity's capacity, including the capability of its leadership and the individuals within it</u></b></p> <p><i>Developing Organisational capacity</i></p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Use of external organisations such as the LGA and the Housing Quality Network to review resources and make recommendations for improvement.</li> <li>• Peer Review undertaken in October 2019.</li> </ul> <p><i>Developing leadership and individual performance</i></p> <ul style="list-style-type: none"> <li>• Workforce Development Strategy in place.</li> <li>• A Personal Development process with annual reviews of training needs for all Officers.</li> <li>• 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.</li> </ul>	<p>Workforce Development Strategy is proposed for review with an update to the Strategy in July 2023. After a period of consultation, it is tabled to be reported to the Finance and Management Committee in November 2023. 3.</p> <p>Focus continues on increasing opportunities for Modern Apprentices in line with Government targets. Progress is reported to the Finance and Management Committee on a quarterly basis.</p>
<p><b>6. <u>Managing risks and performance through robust internal control and strong public financial management</u></b></p> <p><i>Managing risk</i></p> <ul style="list-style-type: none"> <li>• Risk Management Policy and Framework in place. This guides the identification and assessment of risk, together with the process for monitoring, updating, and reporting.</li> </ul>	<p>Proposals for a long-term permanent solution for the Out of Hours and Emergency Contact Service will be explored during 2023/24. Arrangements with the current external provider will continue until this point.</p>

- Business Continuity arrangements in place in accordance with the Civil Contingencies Act. This is delivered in partnership with Derbyshire County Council.
- Fraud Service delivered through a Shared Service Agreement with a neighboring council.
- Counter-fraud and Corruption Policy with an annual action plan.

### ***Managing performance***

- Performance management process with key performance indicators to measure outcomes and identify corrective action where needed.
- An Overview and Scrutiny Committee which reviews service delivery, policy and has powers to “call-in” decisions.

### ***Robust internal control***

- An established Audit Committee.
- Independent Internal Audit function provided through partnership arrangements.
- Publicised Whistleblowing Policy

### ***Managing data (and ensuring compliance with the Data Protection Act 2018)***

- 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.

### ***Strong financial management***

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

<ul style="list-style-type: none"> <li>Financial Strategy in place which sets out the management of financial resources and sets the overall financial target for the Council.</li> <li>Financial monitoring and reporting process to review in year budget performance.</li> </ul>	
<p><b>7. <u>Implementing good practice in transparency, reporting and audit to deliver effective accountability</u></b></p> <p><b><i>Implementing good practice in transparency</i></b></p> <ul style="list-style-type: none"> <li>Open Data reporting under the Government's Transparency Code.</li> <li>Freedom of Information Publication Scheme.</li> </ul> <p><b><i>Implementing good practice in reporting</i></b></p> <ul style="list-style-type: none"> <li>Annual Report produced and publicised.</li> <li>Annual Statement of Accounts detailing how public funds have been utilised.</li> <li>Annual Pay Policy Statement published.</li> <li>Equality, Inclusion and Diversity Annual Report.</li> </ul> <p><b><i>Assurance and effective accountability</i></b></p> <ul style="list-style-type: none"> <li>Scheme of Delegation in place from Full Council, down to Policy Committees and through to Officers.</li> <li>Senior Leadership Team and Heads of Service accountable to Members through the Committee system.</li> <li>Service planning process in place which assigns responsibilities at an individual level.</li> <li>All service-related action plans and recommendations from Audit have a designated responsible officer.</li> </ul>	

<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE</b>	<b>AGENDA ITEM:9</b>
<b>DATE OF MEETING:</b>	<b>21 JUNE 2023</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>HEAD OF LEGAL AND DEMOCRATIC SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ARDIP SANDHU (01283 595715)</b> <a href="mailto:ardip.sandhu@southderbyshire.gov.uk">ardip.sandhu@southderbyshire.gov.uk</a>	<b>DOC:</b> h/KS/governance/AGS/2022/AGS committee report
<b>SUBJECT:</b>	<b>DRAFT ANNUAL GOVERNANCE STATEMENT 2022-23</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS 04</b>

## **1.0 Recommendations**

- 1.1 That the Draft Annual Governance Statement for 2022/23 (**Appendix 1**) is approved for Audit.

## **2.0 Purpose of Report**

- 2.1 To submit the Council's Annual Governance Statement (AGS) for 2022/23 in accordance with the Accounts and Audit Regulations 2003 (as amended).
- 2.2 The document is on draft format and will be subject to updates before and during its review by External Audit. It should be noted although there is a delay in auditing the Council's Accounts and Financial Statements for 2021/22, the AGS must still be signed off by External Audit for 2021/22.

## **3.0 Detail**

### **Background**

- 3.1 Governance is about how South Derbyshire District Council ensures that it does the right things, in the right way, for the right people in a timely, inclusive, open and accountable manner. As such, it comprises the systems, processes, culture and values by which the Council is directed and controlled and through which it accounts to, engages and leads its local community.

### **Annual Governance Statement (AGS)**

- 3.2 The AGS is the formal statement that records and publishes a council's governance arrangements; it is a statutory requirement to publish an AGS on an annual basis.
- 3.3 Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) states that the production and publication of the AGS, are the final stages of an on-going review of governance and not activities that can be planned and viewed in isolation. Compilation of the AGS involves the Council in:

- reviewing the adequacy of its governance arrangements
- knowing where it needs to improve these arrangements
- communicating to stakeholders how better governance leads to best quality public services

3.4 The proposed AGS as it currently stands for 2022/23 is presented alongside this report. The Statement is overseen by the Council's Monitoring Officer in consultation with the Council's Leadership Team. The AGS has been produced in accordance with the CIPFA guidelines and includes commentary on:

- the governance environment and how this is reviewed to determine its effectiveness; and
- issues of significance that require addressing as part of the review of effectiveness.

### **Compiling the AGS**

3.5 The aim of the AGS is to set out established processes and to reflect on any matters arising during the year. Much of the content of the AGS will already be known and may have been reported and noted elsewhere in other Council report and forums.

3.6 As the governance framework at the Council is relatively well established, the existing AGS is used as the basis of the annual review. The lead officers in compiling and reviewing the AGS are the Council's statutory offices, i.e. the Monitoring and Chief Finance Officers.

3.7 In monitoring the AGS, these officers review policy committee reports and decisions, together with Leadership Team minutes to ensure that any relevant matters are included in the AGS. Any implications arising from internal and external audits are also reviewed.

3.8 Work in other forums such as the Health and Safety Committee, Licensing and Appeals Committee and the Joint Negotiating Group, where potential matters affecting the AGS are reported, are also reviewed. These committees and forums are usually attended by the Monitoring and Chief Finance Officers.

3.9 In addition, investigations that may have been undertaken by the Information Commissioner, Data Protection Registrar and Local Government Ombudsman are also reviewed. Any legal action brought against the Council is also reviewed to determine its impact on the Council's governance arrangements.

3.10 When the draft statement is complete, the Chief Executive, other corporate directors and Heads of Service are consulted and asked to highlight any other matters or to provide additional feedback.

3.11 The final Statement will be published as a stand-alone document alongside the Council's Annual Accounts and Financial Statements for 2022/23. There is currently no timeframe for when this will be achieved due to on-going resource issues being experienced by the Council's External Auditors.

### **Work Plans**

- 3.13 A work plan, considered and approved by the Committee in June 2021, was progressed during 2021/22 to address matters identified to maintain and strengthen the governance environment. These are detailed within the AGS.
- 3.14 The proposed work plan for 2022/23 is also detailed in the AGS. These actions have been identified to maintain robust governance and to ensure arrangements keep abreast of a changing environment. The work programme is summarised in the following table.

Principle	Action
<b>Behaving with Integrity (P1)</b>	A new Model Councillor Code of Conduct, produced by the Local Government Association, was considered, and approved by Annual Council on 18 May 2023.
<b>Demonstrating Ethical Values (P1)</b>	Work is progressing 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 is now planned that the survey will be undertaken in 2023/24.
<b>Workforce Development Strategy (P5)</b>	The Strategy is due to be reviewed in 2023/24.

#### **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 2022/2023

## Good Governance

Ethics and Values

Engagement

Development

Decision Making

Leadership

Risk Management

Reporting



Our Environment | Our People | Our Future  
[www.southderbyshire.gov.uk](http://www.southderbyshire.gov.uk)

## INTRODUCTION

Welcome to the Council's Annual Governance Statement for 2022/2023.

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 undertakes. 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
<b>Principle 1:</b> Behaving with integrity	Elected Members and Council Officers acting in accordance with national standards regarding Public Office.
<b>Principle 2:</b> Engaging with stakeholders	Keeping residents, businesses and other interested parties, etc. informed and seeking feedback through consultation and engagement.
<b>Principle 3:</b> Setting clear objectives	Having medium term business and financial plans in place that provide for the sustainability and development of services.
<b>Principle 4:</b> Having positive interventions	The policies and procedures, such as terms of reference for decision-making, a change management process and an annual budget., which ensure that objectives are met.
<b>Principle 5:</b> Leadership and capacity	Clear direction from senior officers and that adequate, trained and empowered staff are in place to deliver services.
<b>Principle 6:</b> 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.
<b>Principle 7:</b> 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 Code of Corporate Governance which demonstrates compliance with these principles, is reported to and reviewed by the Council's Audit Sub Committee half yearly. The reports in [June 22](#) [Dec 22](#) 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](#) (the Local Code will be inserted)***

***This Framework was in place from 1 April 2022 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 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 is reviewed in the light of strategic risks and challenges facing the Council. The following key risks have been identified which could have an impact on the Council's Governance Framework.

Risk	Challenge	Effect on Governance
<b>Continuing growth of the District and an increasing population</b>	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.	<b><u>Principle 2 &amp; 3</u></b>  As more people contact the Council, it is providing opportunities for developing more efficient interaction with customers through digital channels, where this is preferred.
<b>Government Funding</b>	The continuing uncertainty of the Local Government Funding System beyond 2024. The Council is at risk, in particular from the ending of the New Homes Bonus.	<b><u>Principle 3 &amp; 6</u></b>  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.
<b>Delivery of the Corporate Plan (2020 to 2024)</b>	An ambitious plan to achieve targets regarding the Climate, Environment, Transformation and the local economy.  The Council has approved detailed Transformation and Climate Action Plans to deliver its ambitions in these areas.	<b><u>Principle 4</u></b>  This has brought the Transformation Agenda to the fore to enable change to be delivered.  <b><u>Principle 5</u></b>  It has also focused the Council towards Organisational Development to ensure sufficient capacity, together with a skilled and informed workforce is available.
<b>Working Arrangements and Service Delivery</b>	The Council has implemented a new Flexible Working Policy and reviewing how it delivers services for all its customers and residents.	<b><u>Principle 2</u></b>  The ways in which people are contacting the Council has changed. This is providing both opportunities and challenges to ensure Council services remain accessible.  <b><u>Principle 4</u></b>  Organisational change is being processed through the Council's Business Transformation Process.



## Developments in the Year

The risks identified above brought about a series of developments during 2022/23, in addition to other matters that arose. Resulting actions and on-going work are all designed to strengthen the Council's Code of Corporate Governance.

### Principle 1: Ethical Values

In the Council's Corporate Plan (2020 to 2024) are 3 key values to support its delivery - **Pride, Respect and Excellence.**

*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 initially undertake this survey back in 2020/21 but was postponed until a decision has been made on working arrangements post Covid-19.*

*New working arrangements have been implemented following approval of a Flexible Working Policy in March 2022.*

*It is now planned that the survey will be undertaken in 2023/24.*

### Principle 2: Engagement

The Corporate Plan contains two priorities to ensure consistency in approach in dealing with people who contact the Council using a Customer Service Standard, together with making greater use of technology to engage with residents. Progress against these priorities are monitored on a quarterly basis.

## Partnership Working

The Council works with a range of organisations in the public, voluntary and private sector to further not only its own service provision, but to deliver on its vision to make South Derbyshire a great place to live, visit and invest.

***The Council's principle partnership is the South Derbyshire Partnership which includes agencies from health, police, parish and county councils, together with local voluntary services and local businesses.***

***The Partnership works to a set of shared priorities which are designed to improve the local environment, economy and health of local people.***

***The Partnership is properly constituted and governed by a Board which monitors progress against agreed actions, together with the use of resources, with the Council taking a key role.***

### Customer Access

Following the Covid-19 Pandemic, customers have preferred to continue accessing our services digitally with the vast majority of contact being made by telephone, email and via our online webforms. Accessibility in reporting issues online has improved in 2022/23 with the introduction of waste and cleansing online webforms so customers can now report issues and book services 24 hours a day at a time convenient with them.

### Face to Face Contact

The Council's main reception remains open to the public during office opening hours. The numbers of visitors to the



main Civic Office have dropped dramatically in recent years with customers finding digital ways of accessing services more convenient with them.

Customers continue to be able to speak to a Customer Service Advisor face to face where required during all office opening hours.

*The new Flexible Working Policy was approved in March 2022 and implemented on 1st July 2022.*

*As part of this, the type and use of office accommodation, together with customer access are being reviewed at a service-by-service level.*

#### **Intervention Planning:**

- **A 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.**

### **Principle 3: Sustainable Outcomes**

To support a key priority in the Corporate Plan, the Council's Contract Procedural Rules were updated and approved 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.

### **Principle 5: Organisational Capacity**

A key action in the Council's Corporate Plan is develop capacity through a Modern Apprenticeship and Training Programme.

The Council has a target to employ up to 8 apprentices per year. The Council has achieved this target with 9 apprenticeships in in 2022/23.

The Council's capacity to deliver services is also enhanced through its partnership working and use of shared services.

### **Principle 6: Risk Management**

Work during the year focused on Governance and Ethics. The 6 audits undertaken during 2022/23 have been finalised, 4 had an assurance level of reasonable and 1 substantial rating.

Business Continuity arrangements are delivered in partnership with Derbyshire County Council. Business Continuity



planning exercises have taken place throughout the year with an updated plan created.

*Proposals for a long-term permanent solution for the Out of Hours and Emergency Contact Service will be explored during 2023/24.*

*Arrangements with the current external provider will continue during this time.*

## Principle 7: Reporting

### 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 2022/23 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.
- ✓ **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.

## Reportable Incidents

<b>Complaints to the Local Government and Social Care Ombudsman</b>  The Ombudsman's most recent <a href="#">Report</a> highlighted 6 complaints about the Council in 2022/23, of which none were upheld.	The Ombudsman's Office made decisions on 5 complaints about the Council in 2022/23. Of these complaints, 5 were closed after initial enquiries, 1 complaint was referred back for local resolution.
<b>Health and Safety (H&amp;S)</b>  There were two reportable incidents under H&S Regulations in the year. However, none of them required any further investigation by the HSE.	However, the Council undertook its own investigation in each case and updated procedures and training where this was necessary.
<b>Data Protection</b> In August 2022, the Data Protection Officer reported an incident to the Information Commissioner's Office (ICO) regarding the disclosure of CCTV footage to a third party.  The incident was not considered a data breach as no personal data could be identified, however the Data Protection Officer acted to inform the ICO in a report categorised as 'For information only'.	Upon notification of the incident the Council investigated the specific chronology of the event and also undertook a wider investigation with the officers involved. On the 24 August 2022, the ICO wrote to the Data Protection Officer. Based on the description of the incident and the information contained in the DPO report, no further action was taken.

## The Council's Wider Role Post Covid

The Council continues to uphold the wider Leadership role within the local community providing support to local



businesses and residents by administering and paying out various grants to local businesses and individuals from funding provided by the Government.

### Business Continuity

Being able to maintain public services is vital in an emergency.

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.

There were no major incidents which invoked business continuity arrangements.

### Internal Audit

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

During the year Internal Audit finalised 22 assignments, 19 attracted either a **'Substantial' or 'Reasonable'** assurance rating.

1 has attracted a **'Limited'** assurance rating and 2 assignments were given a **'N/A'** assurance rating.

From the completed assignments a total of **77** recommendations were made; **60** of these were considered to present a **low risk**; **16** were considered to present a **moderate risk**; **1** was a **significant risk** recommendation and **no critical risk** recommendations.

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 21 June 2023**

***“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 Code of Corporate Governance is effective and fit for purpose but is not complacent and continues to face challenges as highlighted in this Statement.

### Test of Effectiveness

<b>The Local Code</b>	✓ Up-to-date and regularly reviewed.
<b>Work Plan</b>	✓ Completed during the year to strengthen Governance in response to risks and challenges.
<b>Financial Management</b>	✓ In all material aspects, the Council complied with CIPFA's Financial Management Code.
<b>Internal Audit</b>	✓ The Chief Audit Executive reached an overall opinion in 2022/2023, 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.
<b>External Audit (Opinions)</b>	<p>✓ <u>The Accounts and Financial Statements</u> Tbc.</p> <p>✓ <u>VFM and Governance</u> Tbc.</p>
<b>On-going Development</b>	✓ An approved plan for 2022/23 to maintain good Governance.
<b>Propriety</b>	✓ No major issues and recommended actions arising from external reviews were implemented.

	from a staff survey.	in October 2023
<b>Workforce Development Strategy (P5)</b>	The existing Strategy is due for review in 2023/24.	It is proposed to review and update the Strategy in July 2023. After a period of consultation, it is tabled to be reported to the Finance and Management Committee in November 2023.

### Action Plan 2023/24

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.

Consequently, besides on-going work already being progressed, the following reviews and action will be undertaken in 2022/23.

### The Action Plan

Principle	Action	Progress
<b>Behaving with Integrity (P1)</b>	A new Councillor Code of Conduct based on a national model, is due to be implemented in May 2023.	A new Councillor Code of Conduct based on a national model, was considered and adopted by Annual Council on 18 May 2023.
<b>Demonstrating Ethical Values (P1)</b>	To undertake and review outcomes	The survey is due to commence

### And finally, Council commitment

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 risks and challenges also highlighted. Based on the information reported to us, we therefore commend the Governance Statement for 2022/23 for approval.

**Dr Justin Ives (Chief Executive)**

**Councillor Robert Pearson (Leader of the Council)**



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<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>21 JUNE 2023</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>TRACY BINGHAM (01283 595811)</b> <a href="mailto:tracy.bingham@southderbyshire.gov.uk">tracy.bingham@southderbyshire.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>COMMITTEE WORK PROGRAMME</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: G</b>

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## **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 2023/24**

<b>Work Programme Area</b>	<b>Date of Committee Meeting</b>	<b>Contact Officer (Contact details)</b>
Internal Audit Annual Report 2022-23	21 June 2023	<a href="mailto:Adrian.manifold@centralmidlandsaudit.co.uk">Adrian.manifold@centralmidlandsaudit.co.uk</a>
Internal Audit Progress Report 2022-23	21 June 2023	<a href="mailto:Adrian.manifold@centralmidlandsaudit.co.uk">Adrian.manifold@centralmidlandsaudit.co.uk</a>
Local Code of Corporate Governance Review	21 June 2023	<a href="mailto:Ardip.sandhu@southderbyshire.gov.uk">Ardip.sandhu@southderbyshire.gov.uk</a>
Annual Governance Statement 2022/23	21 June 2023	<a href="mailto:Ardip.sandhu@southderbyshire.gov.uk">Ardip.sandhu@southderbyshire.gov.uk</a>

***TBC: Reports from External Audit***