

## For publication

### Internal Audit Consortium Progress Report 2022/23 and Draft Business Plan 2023/24

<b>Meeting:</b>	Joint Board
<b>Date:</b>	29th March 2023
<b>Cabinet portfolio:</b>	Governance
<b>Directorate:</b>	Finance
For Publication	

#### 1.0 Purpose of the report

- 1.1 To update the Joint Board on the progress made by the Internal Audit Consortium during the financial year 2022/23.
- 1.2 To provide an update on the business plan (budget) for the Consortium for 2022/23 and to seek approval for the revised 2022/23 business plan and draft business plan for 2023/24.

#### 2.0 Recommendations

- 2.1 That the progress made by the Internal Audit Consortium be noted.
- 2.2 That the revised business plan (budget) for 2022/23 and the draft Internal Audit Consortium Business Plan (and associated charges) for 2023/24, based on Appendix 1, be approved.
- 2.3 That any accumulated surplus of the Internal Audit Consortium at the 31<sup>st</sup> March 2023 (less £30,000 to be held as a working balance) be distributed to the partner authorities following the audit of the accounts being completed.
- 2.4 That an annual report on the outcome of the operation of the Internal Audit Consortium for 2022/23 be submitted to the Joint Board following the year-end.

#### 3.0 Reason for recommendations

- 3.1 The approval of the 2023/24 business plan will mean that the Consortium can continue to deliver a quality service that can provide independent assurance on governance, risk management and control processes.

- 3.2 To enable the Joint Board to consider and approve the revised business plan for 2022/23 and the draft business plan for 2023/24.

#### 4 **Report details**

##### **Staffing**

- 4.1 The Internal Audit Consortium has had several staff vacancies during the 2022/23 financial year however is now fully staffed. The new Senior Auditor for BDC started on the 23<sup>rd</sup> January 2023 and the new NEDDC Auditor started on the 13<sup>th</sup> February 2023.

##### **Training**

- 4.2 In terms of formal training, 1 Auditor is a year through a 3 year Apprenticeship in respect of the Institute of Internal Auditors qualification.
- 4.3 All staff keep up to date via ad hoc courses / webinars, team meetings and reading appropriate professional magazines etc.
- 4.4 The Consortium are members of the Midlands Audit Group and Nottinghamshire Audit Group where best practice, emerging risks, concerns etc. are shared and discussed.
- 4.5 All mandatory training has been completed.
- 4.6 The new auditors have all attended a 2 day webinar "introduction to Internal audit". Most audit staff have attended CBC's climate change training with the rest to follow shortly.

##### **Working Procedures**

- 4.7 All internal audit staff have adopted hybrid working and are present in the office 2/3 days a week.
- 4.8 Internal audit procedures continue to be reviewed and improved where possible. The Internal Audit Manual was updated in September 2022.
- 4.9 Regular team meetings and 1:1 's take place with all staff. All PDR's have been completed during the year.

##### **Internal Audit Plans**

- 4.10 Internal audit plans for 2022/23 were agreed with each section 151 officer, management team and Audit Committee in March / April 2022.
- 4.11 Regular progress reports showing a summary of internal audit reports issued and progress against the 2022/23 plans have been submitted to each Council's Audit Committee. Good progress has been made on the plans although they

will not be completed in their entirety due to staff shortages during the year and the overrun of the 2021/22 internal audit plan. Areas not completed are being considered for inclusion in the 2023/24 internal audit plans.

- 4.12 Mid- year review meetings were held with each client officer to discuss progress and consider budget issues, as required under the Consortium Legal Agreement.
- 4.13 An annual report was submitted to each Audit Committee at the end of 2021/22 summarising the audit work undertaken and giving an opinion on the control environment.

#### **Derbyshire Dales District Council**

- 4.14 The Head of the Internal Audit Consortium continues to offer a management service to Derbyshire Dales District Council at a charge of £10,400 per annum.

#### **Business Plan 2022/23 and Draft 2023/24**

- 4.15 The original business plan for 2022/23 received approval in March 2022. The original business plan projected a break- even position for the year (Appendix 1).
- 4.16 The revised business plan based on the revised budget estimates now predicts a surplus of £18,340.
- 4.17 In 2021/22 there was a surplus of £27,320 that it was agreed would be retained rather than redistributed to potentially be used on agency staff or to review staffing structures and gradings with the potential use of market supplements.
- 4.18 The total predicted surplus is therefore £45,660 in addition to the usual carry forward of £20,000. To cover any further potential staffing shortages / changes/ market supplements and training costs for new staff etc. it is proposed that £30,000 be carried forward at the year end as a working balance and that any surplus additional to this be redistributed (based on the revised estimate for 2022/23 that would be £35,660).

#### **Business Plan 2023/24 (Draft)**

- 4.19 A draft business plan for the Consortium has been prepared for 2023/24 and the following two years (see Appendix 1). This business plan is based on the FTE of 8.85 posts.
- 4.20 For information, a summary of the charges made by the Consortium covering the period 2019/20 – 2023/24 (estimate) is shown in Appendix 2.

#### **Risk Register**

- 4.21 The Internal Audit Consortium risk register has been updated and is shown as Appendix 3. There are no red risks, now that the Consortium is fully staffed the risk in relation to recruitment is still present but has reduced.

## **5 Alternative options**

5.1 Not Applicable.

## **6 Implications for consideration – Financial and Value for Money**

6.1 The provision of an effective Internal Audit service helps to ensure that the organisations internal controls, risk management and governance arrangements are appropriately assessed in terms of their adequacy and effectiveness.

## **7 Implications for consideration – Legal**

7.1 The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards or guidance”.

## **8 Implications for consideration – Human Resources**

8.1 None

## **9 Implications for consideration – Council Plan**

9.1 Audit reviews help to ensure that the council’s resources and priorities are focused on achieving the objectives within the council plan.

## **10 Implications for consideration – Climate Change**

10.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council’s objectives.

## **11 Implications for consideration – Equality and Diversity**

11.1 None

## **12 Implications for consideration – Risk Management**

12.1 Regular audit reviews help to ensure that risk is appropriately managed.

## **Decision information**

<b>Key decision number</b>	
<b>Wards affected</b>	<b>None</b>

### Document information

<b>Report author</b>	
Jenny Williams Head of the Internal Audit Consortium Finance	
<b>Background documents</b>	
None	
<b>Appendices to the report</b>	
Appendix 1	Business Plan
Appendix 2	Consortium Charges
Appendix 3	Risk Register