

For publication

## Internal Audit Consortium Annual Report 2022/23

<b>Meeting:</b>	Joint Board
<b>Date:</b>	29 <sup>th</sup> November 2023
<b>Cabinet portfolio:</b>	Governance
<b>Directorate:</b>	Finance
<b>For publication</b>	

### **1.0 Purpose of the report**

1.1 To report on the performance of the Internal Audit Consortium during 2022/23.

### **2.0 Recommendation**

2.1 That the annual report of the Internal Audit Consortium be approved.

### **3.0 Reason for recommendation**

3.1 To enable the Joint Board to consider and approve the 2022/23 Annual Report of the Internal Audit Consortium.

### **4.0 Report details**

#### BACKGROUND

4.1 The Internal Audit Consortium came into operation on the 1<sup>st</sup> April 2007. Chesterfield Borough Council, Bolsover District Council and North East Derbyshire District Council are full members of the Internal Audit Consortium and in addition to this the Head of the Internal Audit Consortium provides a management role in respect of Derbyshire Dales District Council's internal audit function.

4.2 The Public Sector Internal Audit Standards, require that a detailed annual report should be prepared. This report should be used to inform the Annual Governance Statement. Annual reports were presented to each

council's respective Audit Committee (BDC June 2023, CBC July 2023 and NEDDC September 2023).

## **PERFORMANCE IN 2022/23**

### **Internal Audit Plans**

- 4.3 Internal Audit Plans were established and agreed for each authority before the start of the financial year.
- 4.4 The ongoing impact of COVID- 19 (overrun of 21/22 plans) along with staff vacancies and the training requirements of new staff has impacted on the extent of completion of the 2022/23 internal audit plans. However, enough of the internal audit plans (along with reliance on other assurances) were completed to be able to give an unlimited audit opinion for all 3 Councils in respect of the 2022/23 financial year. The areas in the 2022/23 plan not completed have in the main been rolled forward to the 2023/24 financial year.
- 4.5 Regular progress reports were submitted to each audit committee during the year summarising internal audit reports issued.

### **Working Procedures**

- 4.6 Working procedures are kept under review, for example:
- A self -assessment of compliance with the Public Sector Internal Audit Standards was completed in May 2023 and the review did not identify any areas of non- compliance.
  - An external review of internal audit took place in May 2021 and concluded that “the Internal Audit Consortium are delivering internal audit services to a standard that generally conforms with the PSIAS. There are no areas where the service does not comply with the standards”.
  - The action plan arising from the external review of internal audit has now been fully implemented.
  - Team meetings are utilised to discuss improvement ideas and share best practice.
  - The team have now all adopted hybrid working.
  - All valuing Individuals and Performance reviews have been completed for quarters 1 and 2.
  - The Internal Audit manual was reviewed in September 2022.

- A Quality Assurance and Improvement Programme has been developed and will be reviewed and updated on an annual basis (Appendix 3)

## Performance Targets

4.7 The results of the performance targets measured in 2022/23 are shown in the table below.

Description	2022/23		2023/24
	Plan	Actual	Plan
Cost per Audit Day	£310	£283	£343
Percentage of Plan Completed	75%	73%	75%
Sickness Absence (Average Days per Employee)	8.0 (Corporate Trigger)	10.0	8.0
Customer Satisfaction Score	85%	94%	85%
To issue internal audit reports within 10 days of the close out meeting	90%	100%	90%
Quarterly reporting to Audit Committees	100%	100%	100%

## FINANCIAL PERFORMANCE

4.8 The original budgets and charges for 2022/23 were agreed by the Joint Board in March 2022 and subsequently revised in March 2023. The revised budget for 2022/23 showed an estimated surplus for the year of £18,340 plus a brought forward balance of £47,300 (usual 20k plus £27,320 carried forward from 21/22 that was retained for potential agency fees / staff restructure etc).

4.9 The outturn for the year shows a surplus of £57,422 plus a brought forward balance of £30,000. Appendix 1 provides a comparison of the budget and outturn figures.

## Staffing

- 4.10 During the year, the Senior Auditor post at NEDDC was vacant for 7 months due to recruitment difficulties however in November 2022 a successful internal appointment was made. In addition to this, The BDC Senior Auditor retired in December 2022 and a replacement Senior Auditor commenced at the end of January 2023.
- 4.11 In terms of Auditors, a new Auditor was appointed for NEDDC to replace the Auditor that was promoted to Senior Auditor. During the year 2 Auditors were appointed at CBC however both only stayed a few months, one because they decided Internal Audit was not the career for them and another because they were offered a job with the Metropolitan Police. Another CBC Auditor is due to start on the 30<sup>th</sup> October 2023.

## Training

- 4.12 Training needs are discussed and assessed with each staff member during Valuing Individuals and Performance reviews (previously personal development reviews).
- 4.13 Training consists of a combination of formal qualifications, internal and external courses, team meeting updates, information sharing, webinars, reading relevant articles and on the job training.

## RISK REGISTER

- 4.14 The Internal Audit Consortium risk register has been updated and is shown as Appendix 2. There are currently no red risks.

### 5.0 Alternative options

- 5.1 Not applicable.

### 6.0 Implications for consideration – Financial and value for money

- 6.1 The Internal Audit Consortium operated under budget during 2022/23 however still completed sufficient work to be able to provide an annual opinion on each Council's governance, risk and control arrangements.

6.2 The production of an annual report enables Joint Board to assess if the Internal Audit Consortium is providing an effective value for money service.

6.3 Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

## **7.0 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”.

## **8.0 Implications for consideration – Human resources**

8.1 None

## **9.0 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 each Councils Plan / Ambition statement.

## **10.0 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.

## **11.0 Implications for consideration – Equality and diversity**

11.1 None

## 12.0 Implications for consideration – Risk management

12.1 Regular audit reviews help to ensure that risk is managed appropriately. Internal audit makes recommendations to reduce the level of risk and improve the control environment.

### Decision information

<b>Key decision number</b>	
<b>Wards affected</b>	

### Document information

<b>Report author</b>	
Jenny Williams Head of the Internal Audit Consortium Finance Directorate	
<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
None	
<b>Appendices to the report</b>	
Appendix 1	Internal Audit Consortium Budget and Actual - 2022/23 and Estimate 2023/24
Appendix 2	Internal Audit Consortium Risk Register
Appendix 3	Quality Assurance & Improvement Programme