

For publication

Internal Audit Consortium Progress Report 2023/24 and Draft Business Plan 2024/25

Meeting:	Joint Board
Date:	27th March 2024
Cabinet portfolio:	Governance
Directorate:	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 2023/24.
- 1.2 To provide an update on the business plan (budget) for the Consortium for 2023/24 and to seek approval for the revised 2023/24 business plan and draft business plan for 2024/25.

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 2023/24 and the draft Internal Audit Consortium Business Plan (and associated charges) for 2024/25, based on Appendix 1, be approved.
- 2.3 That any accumulated surplus of the Internal Audit Consortium at the 31st March 2024 (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 2023/24 be submitted to the Joint Board following the year-end.

3.0 Reason for recommendations

- 3.1 The approval of the 2024/25 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 2023/24 and the draft business plan for 2024/25.

4 **Report Details**

Staffing

4.1 The Internal Audit Consortium has had several Auditor vacancies during the 2023/24 financial year which has impacted on the completion of the audit plans. The Consortium is now fully staffed with the latest recruit to the BDC Auditor post starting on the 4th March 2024.

Training

4.2 Training needs are identified via quarterly valuing Individuals and performance reviews.

4.3 All staff keep up to date via ad hoc courses / webinars, team meetings and reading appropriate professional magazines etc. Examples of webinars attended are: -

- CIPFA – lessons learnt from section 114 notices.
- Transforming public procurement.
- CIPFA – is commercial activity ever justified?
- LGA Cyber security 10 short videos.
- DLUHC Counter fraud webinar town deal money.
- Impact of global internal audit standards.
- CIPFA E Learning – introduction to Local Government Finance.
- Auditing Procurement and Contracts.
- Risk based internal audit.
- Auditing your organisation's commitment to climate change.
- New auditors all attend a 2 day webinar "introduction to Internal audit".

4.4 The Consortium are members of the Local Authority Chief Auditors Network, the Midlands Audit Group and the Nottinghamshire Audit Group where best practice, emerging risks, concerns etc. are shared and discussed.

4.5 All mandatory training has been completed.

Working Procedures

4.6 In January 2024 the Institute of Internal Auditors published new Global Internal Audit Standards. Further guidance is awaited as to the impact these standards have on the public sector and whether the Public Sector Internal

Audit Standards will be updated as a result. The global standards will be reviewed over the coming year and working practices updated where required.

- 4.7 All internal audit staff have adopted hybrid working and are present in the office 2/3 days a week.
- 4.8 Regular team meetings and 1:1 's take place with all staff. All quarterly valuing individuals and performance reviews have been completed during the year.

Internal Audit Plans

- 4.9 Internal audit plans for 2023/24 were agreed with each section 151 officer, management team and Audit Committee in March / April 2023.
- 4.10 Regular progress reports showing a summary of internal audit reports issued and progress against the 2023/24 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. Areas not completed are being considered for inclusion in the 2024/25 internal audit plans.
- 4.11 Mid- year review meetings were held with each client officer to discuss progress and consider budget issues, as required under the Consortium Legal Agreement.
- 4.12 An annual report was submitted to each Audit Committee at the end of 2022/23 summarising the audit work undertaken and giving an opinion on the control environment.

Derbyshire Dales District Council

- 4.13 The Head of the Internal Audit Consortium continues to offer a management service to Derbyshire Dales District Council at a charge of £10,500 per annum for 2023/24. Charges have been reviewed and in 2024/25 will be increased to £11,650 to cover pay and insurance increases over the last few years.

Business Plan 2023/24 and Draft Business Plan 2024/25

- 4.14 The original business plan for 2023/24 received approval in November 2023 (agreed in principle March 23 however the Board meeting was not quorate). The original business plan projected a break- even position for the year (Appendix 1).
- 4.15 The revised business plan based on the revised budget estimates now predicts a surplus of £11,730 in addition to the usual carry forward of £30,000. The end of year surplus is likely to be larger as salary costs have not been revised to reflect vacant posts.
- 4.16 To cover any further potential staffing shortages / changes/ market supplements and training costs for new staff etc. it is proposed that £30,000 continues to be carried forward at the year end as a working balance and that any surplus additional to this be redistributed.

Business Plan 2024/25 (Draft)

- 4.17 A draft business plan for the Consortium has been prepared for 2024/25 and the following two years (see Appendix 1). This business plan is based on the FTE of 8.85 posts.
- 4.18 For information, a summary of the charges made by the Consortium covering the period 2020/21 – 2024/25 (estimate) is shown in Appendix 2.

Risk Register

- 4.19 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

Key decision number	
Wards affected	None

Document information

Report author	
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Background documents	
None	
Appendices to the report	
Appendix 1	Business Plan
Appendix 2	Consortium Charges
Appendix 3	Risk Register