

The Chair and Members of Joint Board

Please ask for Donna Cairns

Direct Line 01246 345277

Fax 01246 345252

25 September 2015

Dear Councillor,

Please attend a meeting of the JOINT BOARD to be held on MONDAY, 5 OCTOBER 2015 at 2.30 pm in Chamber 1, North East Derbyshire District Council, District Council Offices, Wingerworth, the agenda for which is set out below.

AGENDA

Part 1(Public Information)

1. Declarations of Members' and Officers' Interests relating to items on the Agenda
2. Apologies for Absence
3. Minutes (Pages 5 - 14)
  - Record of Decisions of the Joint Board held on 16 March 2015
  - Notes of the meeting of the Joint Board held on 16 March 2015
4. Role of Joint Scrutiny (Pages 15 - 22)
5. Internal Audit Consortium Annual Report 2014/15 (Pages 23 - 30)
6. Local Government Act 1972- Exclusion of the public

To move 'That under Regulation 21 (1)(b) of the Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2000, the public be excluded from the meeting for the following item of

business on the grounds that it involves the likely disclosure of exempt information as defined by Paragraphs 1, 3 and 4 of Part 1 of Schedule 12A to the Local Government Act 1972' on the grounds that it contains information relating to individuals, and to financial or business affairs and to consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority and employees of, or office holders under, the authority.

Part 2 (Non-Public Information)

7. BCN Consultancy Update and Financial Position (Pages 31 - 38)

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Randy', written in a cursive style.

Local Government and Regulatory Law Manager and Monitoring Officer  
(Chesterfield Borough Council)

# Agenda Item 3

## RECORD OF EXECUTIVE DECISIONS – JOINT WORKING

CBC:LEADER				Date of Decision 16.03.2015	
BDC: LEADER					
NEDDC:LEADER					
Title Reference: Minutes					
Key Decision References (if applicable): CBC: BDC: NEDDC:			Delegation Reference:		CBC: R080L BDC: NEDDC:
Report and background papers		Yes	Public <input checked="" type="checkbox"/>	Exempt <input type="checkbox"/>	Confidential <input type="checkbox"/>
Decision Status (CBC)	On Forward Plan General urgency Special Urgency	N/A	Authorised By: N/A		
Record of Decision:					
That the notes and Record of Decisions of the Joint Board meeting held on 19 January be noted.					
Reasons for Decision:					
To note progress on joint working.					
Alternative options considered and rejected (if any): N/A					
Declarations of interests: N/A					
Decision subject to call-in Yes Date of implementation if not called in: 24.03.2015					
Date Record Issued 17.03.2015 Contact Officer: Martin Elliott, Chesterfield Borough Council martin.elliott@chesterfield.gov.uk					

CBC:LEADER				Date of Decision 16.03.2015	
BDC: LEADER					
NEDDC:LEADER					
Title Reference: Internal Audit Consortium Progress Report 2014/15 and Draft Business Plan 2015/16					
Key Decision References (if applicable): CBC: BDC: NEDDC:			Delegation Reference:		CBC: R080L BDC: NEDDC:
Report and background papers		Yes	Public <input checked="" type="checkbox"/>	Exempt <input type="checkbox"/>	Confidential <input type="checkbox"/>
Decision Status (CBC)	On Forward Plan General urgency Special Urgency	N/A	Authorised By: N/A		
<p>Record of Decisions:</p> <ol style="list-style-type: none"> <li>1. That the progress made by the Internal Audit Consortium be noted.</li> <li>2. That the revised Business Plan (budget) for 2014/15 and the draft Internal Audit Consortium Business Plan (and associated charges) for 2015/16, be approved.</li> <li>3. That the accumulated surplus of the Internal Audit Consortium at March 31, 2015 (less £50,000) be distributed to the partner authorities. That £50,000 be held as a working balance and to fund any possible changes as a result of the review of the Internal Audit Consortium's staffing structure and to support the next stage of implementation of the Derbyshire wide review of internal audit.</li> <li>4. That an annual report on the outcome of the operation of the Internal Audit Consortium for 2014/15 be submitted to the Joint Board following the year-end.</li> </ol>					
<p>Reasons for Decisions:</p> <ol style="list-style-type: none"> <li>1. To enable members to be aware of the progress made by the Internal Audit Consortium.</li> <li>2. To enable the Consortium resource availability to be kept under review.</li> <li>3. To enable the partner authorities to budget for the Consortium charges for 2015/16.</li> <li>4. To inform members of the results of the eighth year of operation of the Internal Audit Consortium.</li> </ol>					

Alternative options considered and rejected (if any): N/A
Declarations of interests: N/A
Decision subject to call-in Yes Date of implementation if not called in: 24.03.2015
Date Record Issued 17.03.2015 Contact Officer: Martin Elliott, Chesterfield Borough Council martin.elliott@chesterfield.gov.uk

CBC:LEADER				Date of Decision 16.03.2015	
BDC: LEADER					
NEDDC:LEADER					
Title Reference: BCN Consultancy Update					
Key Decision References (if applicable): CBC: BDC: NEDDC:			Delegation Reference:		CBC: R080L BDC: NEDDC:
Report and background papers		Yes	Public <input type="checkbox"/>	Exempt <input checked="" type="checkbox"/>	Confidential <input type="checkbox"/>
Decision Status (CBC)	On Forward Plan General urgency Special Urgency	N/A	Authorised By: N/A		
Record of Decision: <ol style="list-style-type: none"> <li>1. That the current financial position of BCN as at the end of January 2015 be noted.</li> <li>2. That the work undertaken in exploring the option for a Derbyshire wide service is noted.</li> <li>3. That the proposed programme and next steps in exploring the option for a Derbyshire wide service be approved.</li> <li>4. That the Joint Scrutiny Panel be involved, and are kept updated on the progress of exploring the option for a Derbyshire wide service.</li> </ol>					
Reasons for Decision:  To effectively manage BCN in accordance with legislation and the legal agreement for the joint working consortium.					
Alternative options considered and rejected (if any): N/A					
Declarations of interests: N/A					
Decision subject to call-in Yes Date of implementation if not called in: 24.03.2015					
Date Record Issued 17.03.2015 Contact Officer: Martin Elliott, Chesterfield Borough Council martin.elliott@chesterfield.gov.uk					

## **Notes to Record of Decision (Joint Working):**

### **CBC - CALL-IN REQUESTS**

*The implementation of certain decisions is suspended until the call-in period has expired without a call-in being validly invoked. Any Member of the Council shall be entitled to call for a decision to be suspended by giving notice to the Monitoring Officer either by telephone, fax, email or in writing **not later than 5.00 pm on the day following the date of the Joint Board meeting**. Any decisions so suspended shall not be capable of implementation for a period of **five calendar days** from the date of the Joint Board meeting. During the call-in period a request may be made in respect of any decision so suspended by not less than one quarter of the total membership of the Overview and Performance Scrutiny Committee. To do this you will need to notify the Monitoring Officer in writing, by fax or by email by 5.00 pm on the date being five days following the day of the Joint Board meeting.*

### **BDC - CALL-IN REQUESTS**

*The implementation of certain decisions is suspended until the call-in period has expired without a call-in being validly invoked. The call-in period is **nine working days** from the date of this decision. During the call-in period **at least three** members may request certain decisions to be called in. You may do this in any of the following ways - In writing - a written notice may be signed by one or more Members, or By telephone - in order to safeguard the integrity of the system, Members may only call in by telephone on their own behalf, • E mail - this may be done using a Members terminal within the Council Offices or where a member has the facility via the internet, • By fax - as with written notifications, the faxed message may contain the signature of more than one Member, • In person. Democratic Services Officers who are authorised to accept notifications from Members.*

### **NEDDC - CALL-IN REQUESTS**

*The implementation of certain decisions is suspended until the call-in period has expired without a call-in being validly invoked. The call-in period is **five working days** after the publication of this decision. During the call-in period the **Chair and Vice Chair together with three other members of any Overview and Scrutiny committee** may object to a decision and call it in.*

This page is intentionally left blank



**JOINT BOARD MEETING****Monday, 16th March, 2015**

Present:-

**Chesterfield Borough Council (CBC)**

Councillor J Burrows

H Bowen

M Elliott

**Bolsover District Council (BDC)**

Councillor E Watts (Chair)

Councillor A Tomlinson

W Lumley (BDC/NEDDC)

**7      DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS  
RELATING TO ITEMS ON THE AGENDA**

No declarations were made.

**9      APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Graham Baxter.

**11     MINUTES**

The notes and the Record of Decisions of the Joint Board meeting held on 19 January, 2015 were noted.

**13     INTERNAL AUDIT CONSORTIUM PROGRESS REPORT 2014/15 AND  
DRAFT BUSINESS PLAN 2015/16**

The Interim Head of the Internal Audit Consortium attended to provide an update on the progress made by the Internal Audit Consortium during the period April 2014 – January 2015 and to provide an update on the business plan (budget) for the Consortium for 2014/15, as well as to seek approval for the revised 2014/15 business plan and draft business plan for 2015/16.

The Interim Head noted that the external consultants' review of the options for joint working/shared services in respect of internal audit across Derbyshire had now been completed and that the consultants had recommended moving towards a Derbyshire wide internal audit partnership. Officers were now looking at the options and viability in moving towards a partnership and it was noted that the Joint Board would be kept informed of progress. An update on staffing matters, internal audit plans and working procedures was also provided.

It was agreed that a report from the Heads of Finance should be requested for next meeting of the Joint Board, to provide an update on the progress made towards a Derbyshire wide consortium.

#### **AGREED –**

1. That the progress made by the Internal Audit Consortium be noted
2. That the revised Business Plan (budget) for 2014/15 and the draft Internal Audit Consortium Business Plan (and associated charges) for 2015/16, be approved.
3. That the accumulated surplus of the Internal Audit Consortium at 31 March 2015 (less £50,000) be distributed to the partner authorities. That £50,000 be held as a working balance and to fund any possible changes as a result of the review of the Internal Audit Consortium's staffing structure and to support the next stage of implementation of the Derbyshire wide review of internal audit.
4. That an annual report on the outcome of the operation of the Internal Audit Consortium for 2014/15 be submitted to the Joint Board following the year-end.
5. That a report from the Heads of Finance should be requested for next meeting of the Joint Board, to provide an update on the progress made towards a Derbyshire wide consortium.

#### **15 LOCAL GOVERNMENT ACT 1972- EXCLUSION OF THE PUBLIC**

#### **AGREED –**

That under Regulation 21 (1)(b) of the Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2000, the

public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined by Paragraphs 3 and 4 of Part 1 of Schedule 12A to the Local Government Act 1972' on the grounds that it contains information relating to financial or business affairs and to consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority and employees of, or office holders under, the authority.

## **17 BCN CONSULTANCY UPDATE**

The Chief Executive of Chesterfield Borough Council presented the report of the Chesterfield Borough Council Development and Growth Manager and the Bolsover and North East Derbyshire District Council's Building and Contracts Manager detailing the current financial position of BCN at the end of the January 2015. The report also outlined the progress made towards exploring the potential for and the proposed next steps to enable a strategic approach in providing a Building Control service for Derbyshire.

Mark Mulcahey of Blue Marble Consulting made a presentation and answered questions from the board on how BCN could expand into a Derbyshire wide service.

It was noted by the board that there were many benefits to the constituent authorities of bringing Building Control together including the service becoming more commercially competitive and resilient and enabling it to grow and expand.

### **AGREED –**

1. That the current financial position of BCN as at the end of January 2015 be noted.
2. That the work undertaken in exploring the option for a Derbyshire wide service is noted.
3. That the proposed programme and next steps in exploring the option for a Derbyshire wide service be approved.
4. That the Joint Scrutiny Panel be involved, and are kept updated on the progress of exploring the option for a Derbyshire wide service.

## 18 **JOINT SCRUTINY**

The Chesterfield Borough Council Policy and Scrutiny Officer had requested an update be tabled to Joint Board Members on the meeting of the Joint Scrutiny Panel on 10 March, 2015.

The update noted that Joint Scrutiny was supportive of the recommendations contained in the reports on the Internal Audit Consortium and BCN.

The update also requested that Joint Board members consider and inform the Joint Scrutiny Panel of the Joint Board's future plan and work programme as this would directly influence the work and the future of the Joint Scrutiny Panel.

### **AGREED –**

1. That the update be noted.
2. That the role of the Joint Scrutiny Panel be added to the agenda for the next meeting of the Joint Board.
3. That the Joint Scrutiny Panel be involved, and are kept updated on the progress of exploring the option for a Derbyshire wide service.

## For Publication

### ROLE OF THE JOINT SCRUTINY PANEL

---

**MEETING:**                      **JOINT BOARD**

**DATE:**                         **5 OCTOBER 2015**

**REPORT BY:**                **COMMITTEE AND SCRUTINY CO-ORDINATOR  
(CHESTERFIELD BOROUGH COUNCIL)**

---

### **FOR PUBLICATION**

**BACKGROUND PAPERS:**        **Joint Scrutiny Panel Annual Reports to Joint Board**

---

#### **1.0    PURPOSE OF THE REPORT**

- 1.1    To provide information to inform a response to the request from the Joint Scrutiny Panel (the Panel) for a Joint Board work programme.
- 1.2    To provide information to inform a discussion on potential future work programme items and the role of the Panel.

#### **2.0    RECOMMENDATIONS**

- 2.1    To agree the Joint Board work programme to assist the Joint Scrutiny Panel to consider its future work programme.
- 2.2    To request the Joint Panel consider undertaking overview and scrutiny of the Chesterfield and District Joint Crematorium and amend its Terms of Reference as necessary.

#### **3.0    BACKGROUND**

- 3.1    Following an initial pilot of Joint Scrutiny Arrangements, the Joint Scrutiny Panel was established in 2011, for the overview and scrutiny of shared services between Chesterfield Borough Council, Bolsover District Council and North East Derbyshire District Council.

- 3.2 Each year each Council nominates three elected members to serve on the Joint Scrutiny Panel.
- 3.3 The Terms of Reference, attached at Appendix A, for the Joint Scrutiny Panel were designed when it was anticipated that the number of shared services would grow, however, this has not happened. The shared services are now limited to BCN Consultancy and the Internal Audit Consortium, as the Shared Procurement Unit was dissolved. And these remaining services are also now looking to develop Derbyshire wide services.
- 3.4 The Joint Scrutiny Panel has undertaken work during each year including scrutiny of the annual reports for the shared services and quarterly monitoring of financial and performance information, where this has been supplied. The Panel has submitted Annual Reports to the Joint Board which detail the work that they have undertaken. The Joint Scrutiny Panel Annual Reports are available online or on request from Democratic Services at Chesterfield Borough Council.
- 3.5 In light of the impact of various joint arrangements taking place across the area, the future work programme and role of the Joint Scrutiny Panel was discussed at the Panel's meeting in March 2015. An extract of the Minutes of that meeting related to this discussion is set out below:

*Members discussed the future and the usefulness of the Joint Scrutiny Panel. It was noted that Procurement was no longer a shared service between the three authorities, and that their two remaining shared services of BCN and Internal Audit were both considering extending the shared arrangement with other Councils across Derbyshire. Implications of new partnership arrangements such as the Combined Authorities were also raised.*

*Members agreed that for the panel to be useful their work programme needed to reflect what the Joint Board was doing. Members also agreed that they were keen for the panel to be more active and to have project groups looking at specific topics as happened in the past.*

**RESOLVED -**

*That the Joint Board be asked to consider and inform the Joint Scrutiny Panel of its future plans and work programme as this would directly influence the work and the future of the Joint Scrutiny Panel.*

- 3.6 It was agreed at the Joint Board meeting in March 2015 that the role of the Joint Scrutiny Panel be added to the agenda for the next meeting of the Joint Board.

#### 4.0 **ISSUES TO CONSIDER**

##### **Timetable or programme of business for Joint Board**

- 4.1 The Joint Scrutiny Panel requested that the Joint Board inform the Panel of its future plans and work programme. Currently notice is given for key decisions or private reports to be considered by Joint Board 28 days in advance.
- 4.2 The meetings of Joint Board have occasionally been cancelled or rearranged over the last couple of years, which has made it difficult for the Joint Scrutiny Panel to fix their own meetings and timetable a work programme. An annual timetable of reports from the services and their finance and budget reports may assist the Panel to prepare their meetings in advance, if the Joint Board will be retaining decision-making responsibility for these services following the review of their expansion.

##### **BCN Consultancy**

- 4.3 At the last meeting the Joint Board agreed that the Joint Scrutiny Panel be involved and be kept updated on the progress of exploring the option for a Derbyshire wide service for BCN Consultancy. The Joint Scrutiny Panel hope to continue to add value to the discussions over the proposed expansion of the BCN Consultancy service across Derbyshire, being consulted at an early stage before decisions are made by the Joint Board and other councils involved.

##### **Overview and Scrutiny of Joint Crematorium Committee**

- 4.4 The Board may wish to request the Panel give attention to Joint Crematorium Committee. The Terms of Reference for the Joint Scrutiny Panel do refer to other areas of joint working, such as the Crematorium. The Chesterfield and District Joint Crematorium is a service shared between Chesterfield Borough Council, Bolsover District Council and North East Derbyshire District Council. The service is managed by a joint executive committee, made up of executive members from the three authorities. There are currently no joint scrutiny arrangements in regards to this committee.

- 4.5 The Joint Scrutiny Panel could extend its current work to include the Joint Crematorium although it may be more appropriate for it to make recommendations and submit reports on this matter directly to the Joint Crematorium Committee.
- 4.6 For the Joint Scrutiny Panel to make recommendations directly to the Joint Crematorium Committee, the Panel's Terms of Reference may need to be amended. Such amendment would need to be agreed by the each authority's Scrutiny Committee and by the Joint Scrutiny Panel.

## 5.0 **RECOMMENDATIONS**

- 5.1 To agree the Joint Board work programme to assist the Joint Scrutiny Panel to consider its future work programme.
- 5.2 To request the Joint Panel consider undertaking overview and scrutiny of the Chesterfield and District Joint Crematorium and amend its Terms of Reference as necessary.

## 6.0 **REASONS FOR RECOMMENDATIONS**

- 6.1 To ensure effective partnership arrangements, including overview and scrutiny, in the delivery of Shared Services between Chesterfield, North East Derbyshire and Bolsover Councils.

**Donna Cairns**  
**Committee and Scrutiny Co-ordinator**

For further information on this report, please contact Donna Cairns 01246 345277

Joint Board Decision

Officer Recommendation supported/not supported/modified as below:

Signed	Leader (or reserve) Bolsover District Council
Signed	Leader (or reserve) Chesterfield Borough Council
Signed Council	Leader (or reserve) North East Derbyshire District
Date	



**Terms of Reference of the Joint Scrutiny Panel**

**Bolsover District Council**  
**Chesterfield Borough Council**  
**North East Derbyshire District Council**

The Joint Scrutiny Panel will be made up of 9 members (3 from each authority). They will be responsible for the scrutiny function of the joint working/shared services. The terms of reference will be agreed by each authority's Scrutiny Committee and the Joint Scrutiny Panel.

**Appointment**

The Joint Scrutiny Panel of each authority will nominate 3 members to make up the joint committee.

**Role**

The Joint Scrutiny Panel will be responsible for overview and scrutiny arrangements for the three shared services of Building Control, Procurement and Internal Audit, and other areas of joint working (Crematorium, Home Improvement Agency) or additional shared services developed, covering the following elements:

- Monitoring – regularly receiving progress reports and updates against targets or objectives, and offering challenge and/or recommendations;
- Holding decision-makers to account - challenging decisions and performance;
- Adding value as a consultee – being consulted/engaged on policy proposals, draft strategies and proposed decisions;
- In-depth or spotlight reviews – a project based approach to reviewing an issue and gathering evidence to inform a report and recommendations – could be undertaken if the above activity identifies a need to;
- Monitoring progress for completed reviews and consultations.

The Joint Scrutiny Panel may:-

- Conduct research, community and other consultation in the analysis of policy issues and possible options;
- Consider and encourage community participation in the scrutiny function;
- Question members of the Joint Board and the Consortium/Service Managers about their views on issues and proposals affecting the area;
- Liaise with other external organisations operating in the area, whether national, regional or local, to ensure that the interests of local people are enhanced by collaborative working;

- Review and scrutinise the performance of the joint services in relation to its policy objectives, performance targets and/or particular service areas;
- Question members of the Joint Board and the Consortium/Service Managers about their decisions and performance, whether generally in comparison with service plans and targets over a period of time, or in relation to particular decisions, initiatives or projects;
- Make recommendations to the Joint Board arising from the outcome of the scrutiny process

The Joint Scrutiny Panel may create a working group as required.

The Joint Scrutiny Panel may scrutinise the finances for the joint services.

The Joint Scrutiny Panel will report annually, by way of a report to the Joint Board and each Council, on their workings and make recommendations for future work programmes and amended working methods as appropriate.

### **Meetings of the Panel**

The Joint Scrutiny Panel will meet quarterly for the business stated. Additional meetings will be arranged as required.

The date and time of each meeting will be agreed by the group.

The Joint Scrutiny Panel is not subject to statutory Access to Information rules, it may meet in private but where ever possible shall allow access to the public.

The host authority will be responsible for issuing the papers and producing the meeting notes to all the attendees.

### **Quorum**

The quorum for the Joint Scrutiny Panel shall be 3 members with a minimum of 1 representative per authority.

### **Chair of the Joint Scrutiny Panel**

The Chair of Joint Scrutiny Panel will be rotated amongst each authority. The host authority members will agree the chair for each meeting.

Any working group created will elect their chair.

### **Agenda items**

The Joint Scrutiny Panel shall consider the following:

- Minutes of the last meeting;
- Declarations of interest (including whipping declarations);

- Reports from the three shared services;
- Feedback from any reviews;
- Consideration of any matter that may be referred to each authority's Scrutiny Committee for a decision in relation to call in of a decision;
- Responses of the Joint Board to reports of the Scrutiny Committee;
- Business otherwise set out on the agenda for the meeting;
- Communication that will be issued from the group.

### **Additional items for the agenda**

- Identifying and overseeing shared scrutiny reviews for the 3 authorities;
- Member development opportunities.

### **Members of the Joint Scrutiny Panel**

Each member of the Joint Scrutiny Panel will also be responsible for:

- Updating their respective authorities on the services;
- Presenting reports on the services to their respective authorities;
- Identifying and overseeing shared reviews for the 3 authorities;
- Contributing to member development activities for scrutiny.

### **Work Programme**

The Scrutiny Panel will determine what items it will include in its work programme and in doing so shall take into account the wishes of Scrutiny Members. Cabinet Members will not decide the Joint Scrutiny Panel Work Programme. However, the Joint Scrutiny Panel will consider whether to include requests on the agenda from any other relevant stakeholder.

### **Call In**

The Joint Scrutiny Panel will have no 'call in' powers.

### **Review of the Panel**

The Joint Scrutiny Panel will review its progress and the terms of reference on an annual basis as part of the annual report to the Joint Board.

Joint Scrutiny Panel Terms of Ref Appendix

This page is intentionally left blank

## FOR PUBLICATION

### INTERNAL AUDIT CONSORTIUM – ANNUAL REPORT 2014/15

---

**MEETING:**                      **JOINT BOARD**

**DATE:**                         **5 OCTOBER 2015**

**REPORT BY:**                **INTERIM HEAD OF INTERNAL AUDIT  
CONSORTIUM**

---

#### **FOR PUBLICATION**

**Background**                 **None**  
**Papers:**

---

#### **1.0    PURPOSE OF THE REPORT**

- 1.1    To report on the performance of the Internal Audit Consortium during 2014/15.

#### **2.0    RECOMMENDATION**

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

#### **3.0    BACKGROUND**

- 3.1    The Internal Audit Consortium came into operation on 1 April 2007. In January 2014, the Interim Head of the Internal Audit Consortium also took on a management role in respect of Derbyshire Dales District Council's internal audit function.
- 3.2    The Public Sector Internal Audit Standards, require that a detailed annual report should be prepared.
- 3.3    Detailed reports on the performance against the Audit Plans for each constituent authority have been presented to their Audit Committee.

## 4.0 PERFORMANCE IN 2014/15

### 4.1 Internal Audit Plans

- Internal Audit Plans were established and agreed for each authority before the start of the financial year. The plans have been substantially completed and the detailed outcomes reported to each audit committee in June 2015.
- Regular progress reports were submitted to each audit committee summarising internal audit reports issued.

### 4.2 Working Procedures / Improvement plan

Progress has continued in addressing a number of service improvements, for example:

- Standardisation of working procedures has been completed. Testing schedules are being reviewed and updated as each audit is undertaken.
- The number of performance targets has been increased for the 2015/16 year to include - Issuing internal audit reports within 10 days of the close out meeting, number/proportion of audits completed within time allocation, % agreed recommendations implemented, quarterly reporting to audit committees.
- The results of the performance targets measured in 2014/15 are shown in the table below.

Description	2014/15	
	Plan	Actual
Cost per Audit Day	£269	£234
Percentage of Plan Completed	96%	96%
Sickness Absence (Average Days per Employee)	8.5 (Corporate Target)	6.2
Customer Satisfaction Score	80%	90.5

- One member of staff is starting studying for the CIPFA qualification in September 2015.

- An Audit Guide has been produced and placed on each Council's intranet which explains the role of internal audit and the audit process.
- Customers – customer satisfaction surveys are issued with each audit report and an annual survey of Client Officers takes place. The overall customer satisfaction score for 2014/15 was 90.51% against a target of 80%. The Client Officer survey forms returned resulted in a satisfaction score of 94%.

### 4.3 Financial Performance

- The original budgets and charges for 2014/15 were agreed by the Joint Board on 14 January 2014 and subsequently revised on 16 March 2015. The revised budget for 2014/15 showed an estimated surplus for the year of £20,660 and a cumulative surplus of £138,150.
- The outturn for the year shows a surplus of £53,166. Appendix 1 provides a comparison of the budget and outturn figures. The main reason for the surplus was the saving on the Deputy Head of Internal Audit post and the training budget.
- The surplus was retained in previous years rather than redistributed due to the potential costs of a grading appeal by some of the Auditors. The accumulated surplus at 31 March 2015 is therefore £171k (made up of 53k surplus in 2014/15 and 118k from previous years). At its meeting on 16 March 2015 Joint Board agreed that :
  - The accumulated surplus less £50,000 be distributed to the partner authorities.
  - That £50,000 be held as:-
    - a working balance
    - to fund any possible changes as a result of the review of the Internal Audit Consortium's staffing structure
    - to support the next stage of implementation of the Derbyshire wide review of internal audit

- This has resulted in the following distribution:

	£
Surplus at 31 <sup>st</sup> March 2015	170,656
Less Balance carried forward	50,000
	<u>120,656</u>
Distribution:	
Chesterfield (36.6%)	44,160
North East Derbyshire DC (31.8%)	38,369
Bolsover DC (31.6%)	38,127
	<u>120,656</u>

#### 4.4 Staffing

- The Head of the Internal Audit Consortium retired on 31 March 2013. The Deputy Head of the Consortium is acting as Interim Head. The Deputy post has been kept vacant pending the county-wide review of Internal Audit Services and the Internal Audit Consortium's staffing structure.
- The Consortium operated in 2014/15 with 8.64 FTE posts. The 2015/16 budget has been prepared on the basis of 9.64 FTE as it includes the salary for both the Head and Deputy Head of Internal Audit.
- During the year, one full time auditor left the Council and a second full time auditor was seconded to Chesterfield's Accountancy Team. Although there was a recruitment lag both posts have now been filled.

#### 4.5 Training

- One Auditor is starting training for the CIPFA qualification in September 2015

#### 4.6 Future Developments

- A review of the options for joint working/shared services in respect of internal audit across Derbyshire is still in progress.
- The staffing structure of the Internal Audit Consortium is being reviewed and will be the subject of a separate report to Joint Board.



## **5.0 RISK REGISTER**

- 5.1 The Internal Audit Consortium risk register has been updated and is shown as **Appendix 2**.

## **6.0 RECOMMENDATION**

- 6.1 That the annual report of the Internal Audit Consortium be approved.

## **7.0 REASON FOR RECOMMENDATION**

- 7.1 To enable the Joint Board to consider the 2014/15 Annual Report of the Internal Audit Consortium.

**Jenny Williams**

**Interim Head of Internal Audit Consortium**

**For further information on this report, please contact Jenny Williams 01246 345468**

Joint Board Decision

Officer Recommendation supported/not supported/modified as below:

Signed                      Leader (or reserve) Bolsover District Council

Signed                      Leader (or reserve) Chesterfield Borough Council

Signed                      Leader (or reserve) North East Derbyshire District Council

Date

**INTERNAL AUDIT CONSORTIUM BUDGET & ACTUAL - 2014/15  
AND ESTIMATE 2015/16**

	2014/15			2015/16
	Original £	Revised £	Actual £	Estimate £
<b><u>Expenditure:</u></b>				
Employees	359,240	334,100	303,588	370,090
Transport	1,650	3,150	1,084	3,150
Supplies	1,430	1,930	2,435	1,930
Support Services	48,950	51,480	51,047	50,730
<b>Total Expenditure</b>	<b>411,270</b>	<b>390,660</b>	<b>358,154</b>	<b>425,900</b>
<b><u>Income:</u></b>				
Charges to CBC	146,910	146,910	146,910	152,210
Charges to NEDDC	127,630	127,630	127,630	132,230
Charges to Bolsover	126,830	126,830	126,830	131,410
Charges – other	300	350	350	350
Charges to DDDC	9,600	9,600	9,600	9,700
<b>Total Income</b>	<b>411,270</b>	<b>411,320</b>	<b>411,320</b>	<b>425,900</b>
<b>Net surplus/(deficit) in year</b>	<b>0</b>	<b>20,660</b>	<b>53,166</b>	<b>0</b>
Net surplus/(deficit) b/fwd	30,000	117,490	117,490	50,000
<b>Net surplus/(deficit) c/fwd</b>	<b>30,000</b>	<b>138,150</b>	<b>170,656</b>	<b>50,000</b>
Less surplus to be distributed		88,150	120,656	
Working Balance Carried Forward	30,000	50,000	50,000	50,000

## Appendix 2

### Internal Audit Consortium Risk Register

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Residual Risk Score</b>	<b>Management of Risk</b>
Failure to Substantially complete the agreed audit plans	M (3)	M (3)	9	Monitoring and reporting of progress to client officers and Audit Committees.
Failure to undertake work to a satisfactory standard	L (2)	M (2)	4	All work subject to quality reviews by senior staff. Review of compliance with Public Sector Internal Audit Standards.
Insufficient financial resources to fund Consortium	L (2)	H (4)	8	Consortium agreement details procedure to be adopted.
Loss of data through IT failure	L (2)	M (3)	6	Data stored on each Councils network and subject to their back up and security procedures. Reports held on more than one network plus hard copy.
Changes to the Internal Audit Consortium's structure	M (3)	M (3)	9	Monitoring and reporting of progress to client officers and Audit Committees.

Risk Score (On a scale of 1 to 5) (L= Low, M = Medium, H = High)

Risk Score of up to 9 acceptable 'green', between 10 and 15 monitor controls (amber), 16 or more (red), control improvements required (if possible).

This page is intentionally left blank

By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank