



The Chair and Members of Joint  
Board

Please ask for Amanda Clayton

Direct Line 01246 34 5273

Fax 01246 345252

14 September 2020

Dear Councillor,

Please attend a meeting of the JOINT BOARD to be held on TUESDAY, 22 SEPTEMBER 2020 at 2.30 pm via Microsoft Teams, the agenda for which is set out below.

This meeting will be held virtually via Microsoft Teams software, for which Members of the Committee and others in attendance will receive an invitation. Members of the public will be able to access the public parts of the meeting online by following the link from the Council's website at [click here](#)

## 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 3 - 10)
  - Record of Decisions of the Joint Board held on 17 September, 2019
  - Minutes of the Joint Board held on 17 September, 2019
4. Internal Audit Consortium Annual Report 2019/20 (Pages 11 - 20)
5. External Review of Internal Audit (Pages 21 - 28)

6. Exclusion of the Public

To move "That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 4 of Part 1 of Schedule 12A of the Act".

7. Update on the Derbyshire-wide Building Control Partnership

Yours sincerely,

A handwritten signature in black ink, appearing to be 'S. Smith', 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: DEPUTY LEADER  |                                   |  |                                 | Date of Decision<br>17.09.2019        |                               |
| BDC: LEADER   |                                   |  |                                 |                                       |                               |
| NEDDC: CABINET MEMBER   |                                   |  |                                 |                                       |                               |
| Title Reference: Internal Audit Consortium – Annual Report 2018/19  |                                   |  |                                 |                                       |                               |
| Key Decision References (if applicable):<br>CBC: N/A<br>BDC: N/A<br>NEDDC: N/A                                |                                   |  | Delegation Reference:           |                                       | CBC: LC060L<br>BDC:<br>NEDDC: |
| Report and background papers  | Yes                               | Public <input checked="" type="checkbox"/> | Exempt <input type="checkbox"/> | Confidential <input type="checkbox"/> |                               |
| Decision Status   | Notice of Key or Private Decision |  | Authorised By: N/A              |                                       |                               |
|   | General Urgency                   |  |                                 |                                       | N/A                           |
|   | Special Urgency                   |  |                                 |                                       | N/A                           |
|   | Exempt Urgency                    |  |                                 |                                       | N/A                           |
| Record of Decision:   |                                   |  |                                 |                                       |                               |
| That the annual report of the Internal Audit Consortium be approved.  |                                   |  |                                 |                                       |                               |
| Reasons for Decision:   |                                   |  |                                 |                                       |                               |
| To enable the Joint Board to consider and approve the 2018/19 Annual Report of the Internal Audit Consortium. |                                   |  |                                 |                                       |                               |
| Alternative options considered and rejected (if any): None  |                                   |  |                                 |                                       |                               |
| Declarations of interests: None   |                                   |  |                                 |                                       |                               |
| Decision subject to call-in: Yes  |                                   |  |                                 |                                       |                               |
| Date of implementation if not called in: 24 September, 2019   |                                   |  |                                 |                                       |                               |
| Date Record Issued: 17.09.2019  |                                   |  |                                 |                                       |                               |
| Contact Officer: Amanda Clayton, Chesterfield Borough Council, Tel: (01246) 345273                            |                                   |  |                                 |                                       |                               |

|  |                                   |  |  |     |
|--|-----------------------------------|--|--|-----|
| CBC: DEPUTY LEADER   |                                   | Date of Decision<br>17.09.2019                         |  |     |
| BDC: LEADER  |                                   |  |  |     |
| NEDDC: CABINET MEMBER  |                                   |  |  |     |
| Title Reference: Update on the Derbyshire-wide Building Control Partnership                          |                                   |  |  |     |
| Key Decision References (if applicable):<br>CBC: N/A<br>BDC: N/A<br>NEDDC: N/A                       |                                   | Delegation Reference:<br>CBC: LC060L<br>BDC:<br>NEDDC: |  |     |
| Report and background papers   | Yes                               | Public <input type="checkbox"/>                        | Exempt <input checked="" type="checkbox"/> |     |
|  |                                   |  | Confidential <input type="checkbox"/>      |     |
| Decision Status  | Notice of Key or Private Decision |  | Authorised By: N/A                         |     |
|  | General Urgency                   |  |  | N/A |
|  | Special Urgency                   |  |  | N/A |
|  | Exempt Urgency                    |  |  | N/A |
| Record of Decision:  |                                   |  |  |     |
| That the update on the Derbyshire-Wide Building Control Partnership be approved.                     |                                   |  |  |     |
| Reasons for Decision:  |                                   |  |  |     |
| To enable the Joint Board to consider an update on the Derbyshire-Wide Building Control Partnership. |                                   |  |  |     |
| Alternative options considered and rejected (if any): None   |                                   |  |  |     |
| Declarations of interests: None  |                                   |  |  |     |
| Decision subject to call-in: Yes   |                                   |  |  |     |
| Date of implementation if not called in: 24 September, 2019  |                                   |  |  |     |
| Date Record Issued: 17.09.2019   |                                   |  |  |     |
| Contact Officer: Amanda Clayton, Chesterfield Borough Council, Tel: (01246) 345273                   |                                   |  |  |     |

## **Notes to Record of Decisions (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**

*All Key Decisions come into effect **five working days** after the meeting unless three members give notice in writing to the Governance Manager requesting to call in the decision. The call-in request should be on a **completed 'call-in' request form and include the names and signatures of the three signatories**, the decision making principles it is believed have been breached and also the reasons for this. Non Key Decisions may not be called in.*

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

*The implementation of key 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 or Vice Chair together with three other members of any Overview and Scrutiny committee** may object to a key decision and call it in. Non-Key decisions cannot be called in at North East Derbyshire District Council.*

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## JOINT BOARD

Tuesday, 17th September, 2019

Present:-

Councillor Fritchley (Chair)

Councillors Powell  
McGregor

Councillors Serjeant

\*Matters dealt with under the Delegation Scheme

### 1 DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS RELATING TO ITEMS ON THE AGENDA

Huw Bowen declared a non-pecuniary interest in agenda item 6 as he is a director of BCN.

### 2 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors P Gilby (CBC), Thacker (NEDDC) and Dale (NEDDC).

### 3 MINUTES

The notes and the Record of Decisions of the Joint Board meeting held on 20 March, 2019 were noted.

### 4 INTERNAL AUDIT CONSORTIUM ANNUAL REPORT 2018/19

The Internal Audit Consortium Manager submitted a report to inform the Joint Board of the Consortium's performance during 2018/19.

The report gave a summary of the progress made with regard to:

- The preparation of Internal Audit Plans for the three Councils
- Changes made to Working Procedures / Improvement Plans
- The Consortium's financial performance
- Staffing, training and development

It was noted that the outturn for the year 2018/2019 showed a surplus of £46,670 plus a brought forward balance of £20,000; the main reason for the surplus was due to salary savings. It was agreed by the Joint Board in March 2019 that the accumulated surplus minus the working balance of £20,000 be distributed proportionately to the partner authorities.

It was noted that a self-assessment of Internal Audit undertaken in May 2019 did not identify any areas of non-compliance

Training continued to be a priority and two members of staff were undertaking an apprenticeship in Accountancy (CIPFA).

The Risk Register had been updated and this was attached to the report as Appendix B.

#### **AGREED:**

That the annual report of the Internal Audit Consortium be noted.

#### **5 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 4 of Part 1 of Schedule 12A to the Local Government Act 1972' on the grounds that it contains information on 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.

#### **6 UPDATE ON THE DERBYSHIRE-WIDE BUILDING CONTROL PARTNERSHIP**

The Chief Executive of Chesterfield Borough Council presented a report to update members on the progress made by Derbyshire Building Control Partnership. A brief background of the shared service was established. It was noted that operating profits were up and a dividend payment would soon be made to all six member authorities.

The board heard that High Peak and Staffordshire Moorlands had expressed an interest in joining the partnership. Discussions were ongoing and the board was assured that a report would be sent to shareholders with a recommendation regarding the admission of the two authorities, if they confirm a request to join.

Members were also reminded that in 2020 all shareholders will need to decide whether they wish to continue being part of the partnership. The legal paperwork would include clarification on the process of accepting new partners.

Discussion took place around the benefits of partnership working; including the benefits to the local workforce given the training opportunities provided, the income generated by the service and the improvement in standards.

**AGREED –**

That the report be noted.

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## For publication

### INTERNAL AUDIT CONSORTIUM – ANNUAL REPORT 2019/20

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|                    |                                   |
|--------------------|-----------------------------------|
| Meeting:           | Joint Board                       |
| Date:              | 22nd September 2020               |
| Cabinet portfolio: | Governance                        |
| Report by:         | Internal Audit Consortium Manager |

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## **For publication**

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### 1.0 **Purpose of report**

1.1 To report on the performance of the Internal Audit Consortium during 2019/20.

### 2.0 **Recommendation**

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

### 3.0 **REPORT DETAILS**

## **BACKGROUND**

3.1 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 Internal Audit

Consortium provides 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. Detailed annual reports on the performance against the Audit Plans for each constituent authority are in the process of being presented to each council's respective Audit Committee.

## **PERFORMANCE IN 2019/20**

### **Internal Audit Plans**

- 3.3 Internal Audit Plans were established and agreed for each authority before the start of the financial year. The plans were substantially completed for 2019/20 although the target of 96% was not quite achieved due to staff vacancies, COVID 19 and apprenticeship training time.
- 3.4 Regular progress reports were submitted to each audit committee during the year summarising internal audit reports issued.
- 3.5 It should be noted that COVID 19 will have a greater impact on our ability to complete the 2020/21 internal audit plans. Each Audit Committee will be kept fully informed.

### **Working Procedures**

- 3.6 Working procedures are kept under review, for example:
- The Internal Audit manual was reviewed in May 2020.
  - A self -assessment of compliance with the Public Sector Internal Audit Standards was completed in May 2020 and the review did not identify any significant areas of non- compliance. This was supported by the findings of the external review of internal audit that took place in October 2016.

- Team meetings are utilised to discuss improvement ideas and share best practice.
- Since lockdown regular team meetings and 1:1's have been taking place remotely.
- The team have adapted to working from home.
- All personal development reviews have been completed and any training needs identified.

## Performance Targets

3.7 The results of the performance targets measured in 2019/20 are shown in the table below.

| Description   | 2018/19 | 2019/20                   |        |
|---|---------|---------------------------|--------|
|   | Actual  | Plan                      | Actual |
| Cost per Audit Day  | £256    | £285                      | £273   |
| Percentage of Plan Completed  | 96%     | 96%                       | 83%    |
| Sickness Absence (Average Days per Employee)                        | 2.1     | 8.0<br>(Corporate Target) | 3.8    |
| Customer Satisfaction Score   | 94%     | 85%                       | 94%    |
| To issue internal audit reports within 10 days of close out meeting | 100%    | 90%                       | 100%   |
| Number/proportion of audits completed within time allocation        | 85%     | 80%                       | 89%    |
| % 2019/20 Agreed recommendations implemented by due date            | 82%     | 80%                       | *      |
| Quarterly reporting to Audit Committee's                            | 100%    | 100%                      | 100%   |

- Not calculated due to COVID 19 but outstanding internal audit recommendations reported 6 monthly to Audit Committees (on hold during COVID 19 but to be re-instated from November 20)

## FINANCIAL PERFORMANCE

- 3.8 The original budgets and charges for 2019/20 were agreed by the Joint Board on the 20th March 2019 and subsequently revised on the 17<sup>th</sup> March 2020. The revised budget for 2019/20 showed an estimated surplus for the year of £2,200 plus a brought forward balance of £20,000.
- 3.9 The outturn for the year shows a surplus of £20,468 plus a brought forward balance of £20,000. **Appendix A** provides a comparison of the budget and outturn figures.
- 3.10 The accumulated surplus less £20,000 will be distributed to the partner authorities following the conclusion of the external audit of the Statement of Accounts.
- 3.11 This will result in the following distribution:

|  |               |
|--|---------------|
|  | £             |
| Surplus at 31 <sup>st</sup> March 2020 | 40,468        |
| Less Balance carried forward           | 20,000        |
|  | <u>20,468</u> |
| Distribution:                          |               |
| Chesterfield (36.6%)                   | 7,491         |
| North East Derbyshire DC (31.8%)       | 6,509         |
| Bolsover DC (31.6%)                    | 6,468         |
|  | <u>20,468</u> |

### Staffing

- 3.12 The Internal Audit Consortium is currently fully staffed. Two new Auditors were appointed during the year to replace two leavers. One of the new starters commenced in March 20 just as we went into lockdown which has brought challenges in terms of induction and training.

## **Training**

- 3.13 Training needs are discussed and assessed with each staff member during employee personal development reviews.
- 3.14 Training consists of a combination of formal qualifications, CPD activities/courses, internal courses, team meeting updates/information sharing, reading relevant articles and on the job training. Webinars and remote training have been utilised since the onset of COVID-19.
- 3.15 One employee is undertaking an apprenticeship in Accountancy (CIPFA).

## **RISK REGISTER**

- 3.16 The Internal Audit Consortium risk register has been updated and is shown as **Appendix B**. Due to COVID -19 the risk of not substantially completing the 2020/21 Internal Audit Plan has increased. The consequences of this risk will be reduced by appropriately revising the audit plans and where possible concentrating on high and medium risk areas. Each audit committee will receive regular progress updates.

## **Financial implications**

- 3.17 The Internal Audit Consortium operated under budget during 2019/20 which will result in a repayment to each of the partner authorities.

## **Risk management**

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

3.19 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.

#### **4 Alternative options and reasons for rejection**

4.1 Not Applicable.

#### **5 Recommendation**

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

#### **6 Reasons for recommendation**

6.1 To enable the Joint Board to consider and approve the 2019/20 Annual Report of the Internal Audit Consortium.

#### **Decision information**

|   |   |
|---|---|
| <b>Key decision number</b>              |   |
| <b>Wards affected</b>                   | All   |
| <b>Links to Council Plan priorities</b> | An effective internal audit service helps towards the Council's priority of providing VFM |

#### **Document information**

|  |                             |
|--|-----------------------------|
| <b>Report author</b>                                       | <b>Contact number/email</b> |
| Jenny Williams – Internal Audit Consortium Manager         | 01246 959770                |
| <b>Background documents</b>                                |                             |
| These are unpublished works which have been relied on to a |                             |

material extent when the report was prepared.

**Appendices to the report**

|            |  |
|------------|--|
| Appendix A | Internal Audit Consortium Budget and Actual - 2019/20 and Estimate 2020/21 |
| Appendix B | Internal Audit Consortium Risk Register                                    |

**INTERNAL AUDIT CONSORTIUM BUDGET & ACTUAL - 2019/20  
AND ESTIMATE 2020/21**

|                                      | 2019/20        |                |                | 2020/21                   |
|--------------------------------------|----------------|----------------|----------------|---------------------------|
|                                      | Original<br>£  | Revised<br>£   | Actual<br>£    | Original<br>Estimate<br>£ |
| <b><u>Expenditure:</u></b>           |                |                |                |                           |
| Employees                            | 374,540        | 373,830        | 362,919        | 387,510                   |
| Transport                            | 3,000          | 3,000          | 1,972          | 3,000                     |
| Supplies                             | 7,410          | 7,400          | 1,684          | 7,410                     |
| Support Services                     | 51,410         | 49,930         | 50,142         | 51,730                    |
| <b>Total Expenditure</b>             | <b>436,360</b> | <b>434,160</b> | <b>416,717</b> | <b>449,650</b>            |
| <b><u>Income:</u></b>                |                |                |                |                           |
| Charges to CBC                       | 155,860        | 155,860        | 155,860        | 160,690                   |
| Charges to NEDDC                     | 135,430        | 135,430        | 135,430        | 139,620                   |
| Charges to Bolsover                  | 134,570        | 134,570        | 134,570        | 138,740                   |
| Charges – other                      | 400            | 400            | 400            | 400                       |
| Charges to DDDC                      | 10,100         | 10,100         | 10,100         | 10,200                    |
| Additional Income                    |                |                | 825            |                           |
| <b>Total Income</b>                  | <b>436,360</b> | <b>436,360</b> | <b>437,185</b> | <b>449,650</b>            |
|                                      |                |                |                |                           |
| <b>Net surplus/(deficit) in year</b> | <b>0</b>       | <b>2,200</b>   | <b>20,468</b>  | <b>0</b>                  |
| Net surplus/(deficit) b/fwd          | 20,000         | 20,000         | 20,000         | 20,000                    |
| <b>Net surplus/(deficit) c/fwd.</b>  | <b>20,000</b>  | <b>22,200</b>  | <b>40,468</b>  | <b>20,000</b>             |
| Less surplus to be distributed       | 0              | 2,200          | 20,468         |                           |
| Working Balance Carried Forward      | 20,000         | 20,000         | 20,000         | 20,000                    |

Internal Audit Consortium Risk Register

Total Risk Score: Likelihood x Impact. Rating Key:



| CAUSE  | EFFECT  | ACTIONS UNDERTAKEN TO MITIGATE THE RISK   | CURRENT RISK RATING LIKELIHOOD /RISK IMPACT                                     | FURTHER ACTION REQUIRED/DATE   | TARGET RISK RATING LIKELIHOOD /RISK IMPACT/DATE         | RISK LEAD                         |
|--|---|---|---|--|---|-----------------------------------|
| Failure to substantially complete the agreed audit plans | The Internal Audit Consortium Manager can't give an opinion on the controls in place which may lead to external audit undertaking more work or qualified accounts | Quarterly monitoring and reporting of progress to client officers and Audit Committees. £20,000 working balance retained which could be used to fund additional resource if required. | <b>Likely/High</b><br><b>4 x 4 = 16</b><br><b>Red</b><br><b>Due to COVID 19</b> | Priority given to high and medium risk areas in the plan. Revising the audit plan. | <b>Likely/Medium</b><br><b>4*3 = 12</b><br><b>Amber</b> | Internal Audit Consortium Manager |

Page 19

|  |  |   |   |  |   |                                   |
|--|--|---|---|--|---|-----------------------------------|
| IA -Failure to undertake work to a satisfactory standard | External audit and section 151 officers can't place reliance on work | All work subject to quality reviews by senior staff. Annual self - assessment of compliance with PSIAS. External review of internal audit undertaken October 2016 concludes that the Consortium is compliant with the PSIAS | <b>Highly Unlikely/Medium</b><br><b>1 x 3 = 3</b><br><b>Green</b> | Another external review is to take place in the summer of 2021 | <b>Highly Unlikely/Medium</b><br><b>1 x 3 = 3</b><br><b>Green</b> | Internal Audit Consortium Manager |
| IA - Insufficient financial resources to fund consortium | Cannot achieve plans   | Joint Board approved the Consortiums budget March 20 for 2020/21  | <b>Unlikely/High</b><br><b>2 x 4 = 8</b><br><b>Amber</b>          | None   | <b>Unlikely/High</b><br><b>2 x 4 = 8</b><br><b>Amber</b>          | Internal Audit Consortium Manager |
| Loss of data through IT failure                          | Loss of work   | Data stored on each Councils network and subject to their back up and security procedures.  | <b>Unlikely/Medium</b><br><b>2 x 3 = 6</b><br><b>Amber</b>        | None   | <b>Unlikely/Medium</b><br><b>2 x 3 = 6</b><br><b>Amber</b>        | Internal Audit Consortium Manager |

Page 20

## For Publication

### External Review of Internal Audit

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|                    |  |
|--------------------|--|
| Meeting:           | Joint Board<br>Standards and Audit Committee |
| Date:              | 22nd September 2020<br>23rd September 2020   |
| Cabinet portfolio: | Governance                                   |
| Report by:         | Internal Audit Consortium Manager            |

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### **For publication**

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

- 1.1 The purpose of this report is to consult members on the format of the external review of internal audit that is required by the Public Sector Internal Audit Standards.

#### **2.0 Recommendations**

- 2.1 That the Standards and Audit Committee authorise proceeding with the procurement of an external provider to undertake an external assessment of the Internal Audit Consortium and Derbyshire Dales District Council.
- 2.2 That the Standards and Audit Committee delegate authority to the Internal Audit Consortium Manager and the Section 151 Officers to agree the specification of the

assessment, to assess quotations received based on cost and quality and to appoint an external provider to undertake the assessment.

2.3 That the Joint Board note the report.

### **3.0 Report details**

#### **Background**

- 3.1 The Public Sector Internal Audit Standards (PSIAS) were introduced from the 1<sup>st</sup> April 2013 and Internal Audit has been working to those standards since that date. The PSIAS require that internal and external assessments of internal audit must take place.
- 3.2 An internal self- assessment against the PSIAS utilising the recommended CIPFA checklist has been undertaken on an annual basis by the Internal Audit Consortium Manager. These reviews have confirmed that the Consortium is compliant with the standards.
- 3.3 The PSIAS require that an external assessment should be carried out at least once every 5 years by a qualified, independent assessor or team.
- 3.4 The Consortium's first external assessment took place in July 2016, Derbyshire Dales District Council (DDDC) were also assessed at the same time (as the IAC manager provides a management service to DDDC) and recharged for their element of the cost of the review. The results of the review were reported to each Council's Audit Committee in October 2016. The review concluded that the Consortium and DDDC met, and in some places exceeded, the requirements of the Public Sector Internal Audit Standards. A number of improvements were identified from the review that have been implemented.

- 3.5 The next external review of internal audit is due in July 2021.
- 3.6 The Internal Audit Consortium Manager is required by the PSIAS to discuss the following in advance of the assessment with the Standards and Audit Committee:-
- The form of external assessments
  - The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest

### **Form of assessment**

- 3.7 It is suggested that an appropriate means of assessment would be by reviewing performance against the CIPFA Public Sector Internal Audit Standards checklist. This will identify if there are any areas of non-compliance or where improvements could be made.

### **Qualification of Assessor / s**

- 3.8 The assessors would need to be appropriately qualified. Competence can be demonstrated through a mixture of experience and theoretical learning. The standards state that experience gained in organisations of similar size, complexity, sector or industry and technical issues is more valuable than less relevant experience.

The Internal Audit Consortium Manager should use their professional judgement when assessing if the assessor is appropriately qualified but the following guidelines could be used:-

- Does the reviewer possess a recognised professional qualification?
- Does the reviewer have appropriate experience of internal audit e.g. 5 years at manager level within the public sector?
- Does the reviewer have detailed knowledge of leading practices in internal audit and current, in-depth knowledge of the PSIAS?

### **Assessment Process**

- 3.9 The review would likely be carried out through a process of review of documentation e.g. the Internal Audit Charter, internal audit working papers and interviews/questionnaires. The external assessor may wish to speak to the section 151 Officers, the Chairs of the Audit Committees, audit staff and a sample of clients.

### **Procurement of Assessor / potential cost**

- 3.10 Under Chesterfield Borough Council's procurement rules for goods and services between £1,001 - £10,000 quotations must be obtained from more than one supplier.
- 3.11 In October 2016 the external review for the Internal Audit Consortium and Derbyshire Dales District Council cost £3,600. The assessment was undertaken by Robin Pritchard from Business Risk Solutions (previously Gateway Assure). It is therefore proposed that quotations be obtained.

## Potential Assessors

3.12 In order to inform the decision who to ask to quote, internal audit providers were surveyed to ask:-

- Who did you use to conduct your last external review?
- Were you happy with the quality of the review?
- Cost of the review (if happy to divulge)?

3.13 In fact, only two main parties have been used by all of the respondents and one council used the Institute of Internal Auditors. A summary of the points raised can be seen below:-

CIPFA (Ray Gard / Elizabeth Humphries) – very thorough, very pleased, a bit picky, expensive compared to Robin Pritchard. Cheaper if you go to their own companies rather than through CIPFA. (Used by 8 respondents).

Robin Pritchard (Business Risk Solutions) – very pleased with review and price, pragmatic in approach. (Used by 8 respondents).

3.14 Both of these parties are suitably experienced and qualified to undertake external reviews.

3.15 Other parties that may be interested in undertaking the assessment of internal audit include:-

- External Audit firms
- The Institute of Internal Auditors
- Firms providing assurance services/individuals

- 3.16 Consideration has been given to a peer review e.g. by Derbyshire County Council's Internal Audit Section, however, on balance it is felt that a peer review could lead to a potential conflict of interest or sour relations for future working together. Peer reviews do not appear to have taken place in the Midlands.
- 3.17 There are no human resources implications.
- 3.18 Finance – a budget of £10,000 has been included in the 2021/22 budget estimates for the external review. The cost of the review will be split equally between the Consortium partners and Derbyshire Dales District Council.
- 3.19 There are no legal or data protection implications.
- 3.20 Risk management - The procurement of an assessor to undertake an independent review of the internal audit service will ensure that PSIAS requirements are met. The review will identify the strengths and weaknesses of the internal audit service and make recommendations for improvement thereby strengthening governance arrangements. If an external review is not undertaken then there is a risk that any failings within the internal audit service will be undetected.
- 3.21 Equalities Impact Assessment (EIA) - Not Applicable.

#### **4 Alternative Options and Reasons for Rejection**

- 4.1 If an external review is not undertaken then there is a risk that any failings within the internal audit service will be undetected.

## 5.0 Recommendations

- 5.1 That the Standards and Audit Committee authorise proceeding with the procurement of an external provider to undertake an external assessment of the Internal Audit Consortium and Derbyshire Dales District Council.
- 5.2 That the Standards and Audit Committee delegate authority to the Internal Audit Consortium Manager and the Section 151 Officers to agree the specification of the assessment, to assess quotations received based on cost and quality and to appoint an external provider to undertake the assessment.
- 5.3 That the Joint Board note the report.

## 6.0 Reasons for recommendation

- 6.1 Members of the Standards and Audit Committee have responsibility for Governance and need to be able to place reliance on internal audit therefore it is important that they are consulted on the proposal for the external assessment of internal audit.

### **Decision information**

|   |  |
|---|--|
| <b>Key decision number</b>              |  |
| <b>Wards affected</b>                   |  |
| <b>Links to Council Plan priorities</b> | Internal audit work aids in the Council's priority to provide value for money. |

## **Document information**

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| <b>Background documents</b><br>These are unpublished works which have been relied on to a material extent when the report was prepared. |  |
|   |  |
| <b>Appendices to the report</b>   |  |
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