

The Chair and Members of Joint Board

Please ask for Amanda Clayton

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30 September 2021

Dear Councillor,

Please attend a meeting of the JOINT BOARD to be held on FRIDAY, 8 OCTOBER 2021 at 9.00 am in Committee Room 1, Town Hall, Rose Hill, Chesterfield S40 1LP, 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 3 - 10)
 - Record of Decisions of the Joint Board held on 23 March, 2021
 - Minutes of the Joint Board held on 23 March, 2021
4. External Review of Internal Audit (Pages 11 - 42)
5. Internal Audit Consortium Annual Report 2020/21 (Pages 43 - 58)
6. Local Government Act 1972 - 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 item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 4 of Part 1 of Schedule 12A of the Act".

Part 2 (Non Public Information)

7. Verbal Update on the Derbyshire Wide Building Control Partnership

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 23.03.2021	
BDC: LEADER					
NEDDC: LEADER					
Title Reference: Internal Audit Consortium Progress Report 2020/2021 and Draft Business Plan 2021/2022					
Key Decision References (if applicable): CBC: N/A BDC: N/A NEDDC: N/A			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	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 2021/2022 Internal Audit Consortium Business Plan be approved.					
Reasons for Decision:					
To enable the Joint Board to consider and approve the 2021/2022 Internal Audit Consortium Business Plan.					
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: 30 March, 2021.					
Date Record Issued: 24.03.21					
Contact Officer: Amanda Clayton, Chesterfield Borough Council, Tel: (01246) 345273					

CBC: LEADER		Date of Decision 23.03.2021		
BDC: LEADER				
NEDDC: LEADER				
Title Reference: Update on the Derbyshire-Wide Building Control Partnership				
Key Decision References (if applicable): CBC: N/A BDC: N/A NEDDC: N/A		Delegation Reference: CBC: LC060L BDC: NEDDC:		
Report and background papers	Yes	Public <input 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 update on the Derbyshire-Wide Building Control Partnership be noted.				
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: 30 March, 2021.				
Date Record Issued: 24.03.21 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, 23rd March, 2021**

Present:-

Councillor Dale (Chair)

Councillors Fritchley

Councillors

P Gilby
Serjeant

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

2 APOLOGIES FOR ABSENCE

Apologies for absence were received from Huw Bowen (CBC), Cllr Duncan McGregor (BDC), Cllr Charlotte Cupit (NEDDC) and Alan Ward (Chesterfield and North East Derbyshire Credit Union).

3 MINUTES

The notes and the Record of Decisions of the Joint Board meeting held on 20 September, 2020 were noted.

**4 CHESTERFIELD AND NORTH EAST DERBYSHIRE CREDIT UNION
BUSINESS PLAN**

No representative from Chesterfield and North East Derbyshire Credit Union attended the meeting and no report was available.

**5 INTERNAL AUDIT CONSORTIUM PROGRESS REPORT 20/21 AND
DRAFT BUSINESS PLAN 2021/22**

The Internal Audit Consortium Manager presented a report to update the Joint Board on the progress made by the Internal Audit Consortium during 2020/21, to provide an update on the Business Plan (budget) for 2020/21

and to seek approval for the Business Plan (budget) for the Consortium for 2021/22.

The report included a progress summary on staffing, working procedures, and internal audit plans for the 3 authorities. The completion of 2021 plans had been affected by COVID-19 but the Internal Audit Consortium Manager was satisfied that it would be possible to give an unlimited opinion at the end of the year. The Risk Register for the Internal Audit Consortium had been updated and was attached at Appendix 3 to the officer's report. The committee was advised that an external review of internal audit was now due and an experienced assessor had been selected.

It was noted that the revised business plan for 2020/21 now predicted a surplus of £12,800. The estimated accumulated surplus at the end of 2020/21 was £32,800; it was proposed that £20,000 would be retained as a working balance with the remainder (£12,800) distributed to the partner authorities.

The Internal Audit Consortium Manager advised that the draft business plan for 2021/22, as attached at Appendix 1 to the officer's report, had been prepared based on the FTE of 8.7 posts. It was noted that the draft budget had reflected provision for pay awards and a budget of £10,000 for the external review of internal audit.

AGREED –

1. That the progress made by the Internal Audit Consortium be noted.
2. That the revised business plan (budget) for 2020/21 and the draft Internal Audit Consortium Business Plan (and associated charges) for 2021/22, based on Appendix 1, be approved.
3. That an annual report on the outcome of the operation of the Internal Audit Consortium for 2020/21 be submitted to the Joint Board following the year end.

6 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 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.

7 VERBAL UPDATE ON THE DERBYSHIRE WIDE BUILDING CONTROL PARTNERSHIP

Chesterfield Borough Council's Assistant Director - Economic Development presented an update on the Derbyshire-Wide Building Control Partnership. The committee was advised that a higher income and profit were forecast than for the previous year and that the Planning sector had been very busy.

All furloughed staff had returned to work and one new technical support officer had been employed. ISO 9001 quality management systems had been implemented. All administrative work was carried out at the Chesterfield office.

High Peak Borough Council and Staffordshire Moorlands District Council had submitted their formal approach to join the Partnership and this would go to the next board meeting where each existing member council would need to consent to the proposal.

There was also a requirement to review the service level agreement in May 2021.

The committee heard that a new five year growth plan was under development to include the following key areas;

- Investment in recruitment, retention and training
- Investment in the core market
- Review of systems and processes
- Continued development outside of the core areas of operation

The ambitions for the partnership were twofold; to be known for its integrity and to support its clients from inception to completion.

RESOLVED –

1. That the report be noted.

For publication

External Review of Internal Audit

Meeting:	Joint Board
Date:	8 th October 2021
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

1.1 The purpose of this report is to inform the Joint Board of the results of the external review of internal audit that took place in May 2021.

2.0 Recommendation

2.1 That the results of the external review of internal audit be noted.

3.0 Reason for recommendation

3.1 To ensure that the Joint Board are aware of the results of the external review of internal audit that is required by the Public Sector Internal Audit Standards.

4 Report details

BACKGROUND

4.1 The Public Sector Internal Audit Standards (PSIAS) were introduced from the 1st 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.

- 4.2 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 and these have concluded compliance with the Standards.
- 4.3 The PSIAS require that an external assessment of internal audit should be carried out at least once every 5 years by a qualified, independent assessor or team. The previous external review took place in 2016.
- 4.4 The selected assessor (Robin Pritchard from Business Risk Solutions) is CIPFA qualified and has over 40 years internal audit experience including being Chief Internal Auditor at Staffordshire County Council and a national partner responsible for internal audit at a number of professional service firms. Robin also spent 6 years as a professor of internal audit and risk management at Birmingham City University. Robin is an experienced External Quality Assessor and has undertaken over 50 reviews of this nature.

Format of the assessment

- 4.5 The assessment took place throughout May 2021 and was conducted remotely due to COVID-19. The assessment involved a review of the Consortium's documentation, working practices, committee reports and working paper files. The audit committee chairs and senior managers were also invited to complete a questionnaire.
- 4.6 This approach enabled Robin to assess the Internal Audit Consortium's conformance with the PSIAS against the recommended checklist and associated standards.

Results of the Review - Headlines

- 4.7 The report concludes 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. This means that Members can have confidence in the service provided by the audit team. It is acknowledged that the audit team has significant experience and a range of qualifications allowing a robust internal audit standard to be maintained and delivered.
- 4.8 The external review report includes benchmarking against other provision in both the sector and the wider industry and this shows that the team

compares favourably in comparison with its peers and other sectors (Appendix 1 pages 18 - 20).

- 4.9 As would be expected, the report has made a number of recommendations that are aimed at highlighting where further development can be made to enhance the value of the service being provided.
- 4.10 The assessor's full report can be seen at Appendix 1.

Key Points Arising out of the Review

- 4.11 The key theme throughout the report and associated recommendations is in relation to enhancing and developing the use of risk- based auditing and linking more to the council's own risk management definitions and appetite.
- 4.12 The recommendations are graded red, amber and green to reflect their relative importance. There are no red recommendations.
- 4.13 Feedback from the client questionnaires was extremely positive.
- 4.14 An action plan to address the recommendations arising is under development. Progress against the action plan will then be included as part of the 2021/22 annual report.

5 Alternative options

- 5.1 Not applicable.

6 Implications for consideration – Council Plan

- 6.1 Having an internal audit resource that complies with the Public Sector Internal Audit Standards ensures that internal audit can effectively contribute to ensuring that the council's resources and priorities are focused on achieving the objectives within the council plan.

7 Implications for consideration – Financial and value for money

7.1 The confirmation that the audit service complies with the PSIAS ensures that a quality value for money service is being provided.

8 Implications for consideration – Legal

8.1 The PSIAS require that an external review of internal audit takes place every 5 years and this review meets that requirement.

9 Implications for consideration – Human resources

9.1 None.

10 Implications for consideration – Risk management

10.1 The external review confirms that the internal audit service meets the requirements of the PSIAS and therefore risk is reduced as internal audit is effectively reviewing the council's risk, governance and control processes.

11 Implications for consideration – community wellbeing

11.1 Whilst there are not considered to be any direct community and wellbeing impacts in relation to this report, having an internal audit service that is compliant with the PSIAS will support the achievement of the Council's objectives.

12 Implications for consideration – Economy and skills

12.1 Whilst there are not considered to be any direct economy and skills impacts in relation to this report, having an internal audit service that is compliant with the PSIAS will support the achievement of the Council's objectives.

13 Implications for consideration – Climate Change

13.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, having an internal audit service that is compliant with the PSIAS will support the achievement of the Council's objectives.

14 Implications for consideration – Equality and diversity

14.1 None.

Decision information

Key decision number	<i>All key decisions must be in the Forward Plan at least 28 days in advance. There are constitutional consequences if an item is not in the Forward Plan when it should have been. Contact Democratic Services if in doubt.</i>
Wards affected	

Document information

Report author	
Jenny Williams Internal Audit Consortium Manager Finance	
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
None	
Appendices to the report	
Appendix 1	External Review Report

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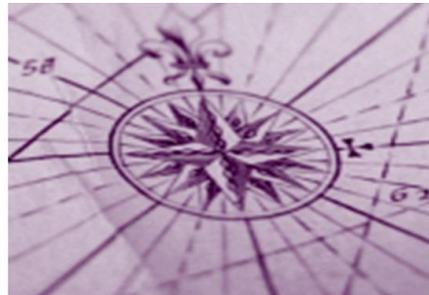


Internal Audit Consortium and Derbyshire Dales District Council

External Quality Assessment

Internal Audit Services

Executive report – June 2021



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External Quality Assessment

Internal Audit Consortium and Derbyshire Dales District Council

**BUSINESS
RISK
SOLUTIONS**

Opinion

Overall assessment: The Internal Audit Consortium and Derbyshire Dales District Council are delivering internal audit services to a standard that **generally conforms** with the Public Sector Internal Audit Standards.

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Key matters arising from the review:

- The service would benefit by further integration of the use of risk-based internal audit techniques with the risk appetite of its clients regarding planning and the scoping of engagements,
- Developing a clear alignment through working papers for each assignment to focus on the achievement of agreed Management (Business) objectives through consideration of agreed significant risks and relevant key controls. This would likely enhance efficiency of the methodology as well as the benefit of and value gained from audit reports.
- Consideration should be given to the revision of the basis for expressing internal audit recommendations and opinions in line with risk impact definitions recognised by each client in Risk Management Policies.
- The Head of Internal Audit Annual Report should be enhanced through further development of the inclusion of a summary of the significant residual risks being faced and those other assurances both internal and external available to the Head of Internal Audit in reaching an annual opinion.

Good Practice identified during the review

- The team demonstrates effective communication with Officers and members at all clients,
- Appropriate attention is given to gaining feedback and demonstration of the quality of services through review of performance which is routinely presented to Audit Committees,
- The Internal Audit team has a strong commitment to training,
- The team has constructed an analysis of Assurances available at each of its clients
- A Fraud Risk Assessment has been completed and is integrated with the internal audit methodology
- Audit planning is supported by appropriately detailed notes of discussions with management.

Executive summary

The Internal Audit Consortium has developed a standard approach to the delivery of services to three local authorities of Chesterfield, Bolsover and NE Derbyshire and in addition to this core service, provides management of the internal audit service at Derbyshire Dales District Council and an outsourced service to Rykneld Homes; this has enabled the team to develop an appropriate depth and breadth of skills to successfully meet the needs of clients.

Services are provided by a dedicated team of in-house staff, which is headed by Jenny Williams as Internal Audit Consortium Manager, who assumes the role of Chief Audit Executive (HoIA) for the purposes of this review and regarding all internal audit appointments.

In 2020/21 services have been impacted by the effects of the pandemic which has led to 'remote auditing' being required; this appears not to have adversely impacted on the methodology but has been reflected in the availability of client staff to engage whilst dealing with other front-line priorities. A number of vacancies have also been experienced during the year.

The service has continued to respond to the changes of focus in professional standards by developing an increasingly risk based approach with regard to planning and the completion of assignment work; the Internal Audit Manual has been updated to reflect this in May 2020.

From an internal audit perspective, considerable further advantage may be gained through increasing recognition of management objectives and inherent risk, as this will enable internal audit plans and assignments to focus on the value of 'Control Risk' and therefore attention on significant key controls and the assurances that have been identified as available.

This represents recognition of those key controls which management feel reduce risk to an acceptable level (risk appetite) and aligns with other current initiatives within internal audit.

Nevertheless, with a constantly changing risk environment, particularly as the service responds to the changing needs of clients post COVID-19; there is a need and opportunity for the internal audit service to continue to enhance its delivery through acting as a catalyst to ensure that robust risk management systems are operational, thereby increasing its awareness of the assessment of risk at each client and as a consequence informing its own approach.

Current services are assessed to '**generally conform**' with the PSIAS and compare favourably with peers, there are no areas where the service does not comply with the standards. A series of specific recommendations are made in the report that follows to reflect building on the existing considerable strengths in relation to resources, competency and delivery in order to enhance future service delivery.

Overall assessment

1	RESOURCES		Excelling – Processes in this area are fully embedded within every-day practices and reflect best practice that is at least consistent with PSIAS expectations.
2	COMPETENCY		Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where further development would be beneficial.
3	DELIVERY		Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where further development would be beneficial.

Summary of good practice identified within EQA

PSIAS	Good practice identified	Observation
1000	An Internal Audit Charter has been established and agreed with client Audit Committees (AC).	The combination of the Charter is comprehensive and establishes an appropriate framework against which internal audit services can be delivered in accordance with the PSIAS.
1100	Independence and objectivity	A team wide process is in place regarding the identification and management of potential conflicts and/or declarations of interest.
1311	The service has conducted internal assessment exercises of its performance.	Performance review is embedded within procedures and supported by a staff Performance and Development Reviews process which identifies and supports performance development needs.
2020	Active engagement at Board and management level	Represents the establishment of a good understanding of issues through interaction with Executive Management and Members.
2030	The need for appropriate internal audit resources is recognised within internal audit planning processes.	This represents a firm basis for the consideration of the successful delivery of the internal audit plan and the use of support from other parties, if required.
2040	A detailed Internal Audit Manual is in place which aligns with the PSIAS.	Provides the basis for a consistent approach to delivery of internal audit services delivered through a series of templates.
2060	Reports are produced using a standard template which is consistently applied. Customer feedback is routinely obtained at the conclusion of each engagement and at year end.	Demonstration of a consistent approach for communication which is generally well received by management and the AC's – effective follow-up ensures issues are not lost.
2120	Evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk	Fraud Risk registers have been established at each client and integrated with the internal audit methodology.
2400	Reports are clear and express opinions in a manner that is understood by stakeholders.	Reports are produced on a timely basis, with comprehensive detail of internal audit activity being produced for AC attention including performance information.
2500	Establish and maintain a system to monitor the disposition of results communicated to management.	A formal process for follow-up and reporting on actions taken regarding recommendations has been established.

Part one

Page 23 Compliance with the Public Sector Internal Audit Standards (PSIAS)

Business Vision and Mission, Governance arrangements, Recognition of standards, Charter, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

	Issue identified	Recommended action	
1	<p>Internal Audit Charter</p> <p>Whilst the Charter requires that the HoIA's Annual Opinion is correctly expressed in relation to Risk Management, Governance and Internal Control – there are references in the Charter and other documentation which simply relate to 'internal control' or the 'control environment'.</p>	<p>When the Internal Audit Charter and other documentation is next revised update the requirement for the HoIA to provide an Annual Opinion in the consistent form of Risk Management, Governance and Internal Control.</p> <p style="text-align: right;">PSIAS 1010</p>	
2	<p>2020/21 engagement completion</p> <p>Current year provision has been impacted by Covid and the team holding a number of vacancies.</p> <p>At the time of the review, internal audit plan outcomes for 2020/21 were not available other than in the case of Derbyshire Dales DC, where reference has been made to the internal auditor being required to undertake other duties in relation to COVID-19 business grants processes, queries and government returns. ,</p>	<p>Where these events impact upon completion of the internal audit plan and therefore the content of the Head of Internal Audit Annual opinion, a reflection on the advice provided by CIPFA could be beneficially referred to explain the context and advice provided by the professional body.</p> <p style="text-align: right;">PSIAS 2450</p>	

	Issue identified	Recommended action
<p>1</p> <p>Page 25</p>	<p>Audit Planning The HoIA maintains a spreadsheet-based approach to the conduct of an audit needs assessment which supports the development of the annual plan.</p> <p>This recognises the teams' judgement of factors relating to Materiality, Control Environment, Sensitivity, Management Concern and time since last audit. None of these factors relates directly to the organisations risk appetite as expressed in each clients' risk management system.</p>	<p>Whilst it is recognised that client risk registers contain varying levels of detail regarding controls and assurances and certainly may not be comprehensive in terms of covering all risks. Conformance with the PSIAS would be enhanced by formally recognising the risk appetite of each client in internal audit planning, particularly where the concept of 'Control Risk' (the assessed difference between Inherent and Residual risk) is identified.</p> <p style="text-align: right;">PSIAS 2010</p>
<p>2</p>	<p>Management Objectives The Internal Audit service currently specifies the Audit Objective as part of the Scoping Document for engagements although there is inconsistency. PSIAS 2201 provides advice regarding planning considerations for engagements and states that: "In planning the engagement, internal auditors must consider - The objectives of the activity being reviewed and the means by which the activity controls its performance and the significant risks to the activity, its objectives, resources and operations and the means by which the potential impact of risk is kept to an acceptable level".</p>	<p>The Internal Audit Service should consider focusing each audit on agreed Management Objectives for the area for review as this would help structure the engagement on significant risks and align the review with the associated controls that are designed to mitigate this risk.</p> <p>In this respect, this may allow greater focus to be provided on 'what matters most' and attention being given to selected controls testing currently contained within established 'controls check-lists'.</p> <p style="text-align: right;">PSIAS 2200/1</p>

Competency continued

Issue identified	Recommended action												
<p>3 Grading of recommendations</p> <p>Issues on which the audit opinion is based currently reflect High, Medium or Low ratings for which internal audit has defined what it considers as events which merit concern at these levels. The definitions are not currently contained within the internal audit manual or are included in internal audit reports to support gradings.</p> <p>This is inconsistent with terminology used by each Council in their Risk Management Policies where definitions of impact are contained to varying levels of detail.</p> <p>The PSIAS uses consistent terminology relating to the identification and reporting on 'significant' risk. And it may therefore be beneficial for internal audit to align its understanding of significance with that of each client.</p>	<p>a) It would be beneficial to align future grading of recommendations with those impact definitions used within the risk management process relating to each clients' risk appetite.</p> <p>Existing clients appear to use either a 4x4 or 5x5 risk matrix and therefore inclusion within internal audit reports as to how consistent alignment is achieved would assist in both agreeing the specific risk focus of each engagement as well in assessing the relative importance of findings at the exit meeting and in determining an opinion within assurance reports through use of a consistent understanding and application of risk.</p> <p>A simple matrix may be:</p> <table border="1" data-bbox="1085 879 1754 1102"> <thead> <tr> <th>IA grade</th> <th>4x4 matrix</th> <th>5x5 matrix</th> </tr> </thead> <tbody> <tr> <td>High</td> <td>Catastrophic/Severe</td> <td>Critical/Major</td> </tr> <tr> <td>Medium</td> <td>Moderate</td> <td>Moderate</td> </tr> <tr> <td>Low</td> <td>Minor</td> <td>Unlikely/Rare</td> </tr> </tbody> </table> <p>b) Include appropriate explanation of alignment of gradings within the internal audit manual and provide appropriate training to staff regarding how this should be implemented.</p> <p style="text-align: right;">PSIAS 2120/2201</p>	IA grade	4x4 matrix	5x5 matrix	High	Catastrophic/Severe	Critical/Major	Medium	Moderate	Moderate	Low	Minor	Unlikely/Rare
IA grade	4x4 matrix	5x5 matrix											
High	Catastrophic/Severe	Critical/Major											
Medium	Moderate	Moderate											
Low	Minor	Unlikely/Rare											

Competency continued

	Issue identified	Recommended action
<p>4</p> <p>Page 27</p>	<p>Quality Assurance Improvement Programme (QAIP) The HoIA currently undertakes an annual self-assessment process and reports a summary of matters arising to Audit Committees in the Annual Report.</p> <p>The current process considers matters such as issues arising from PDR's, client surveys, ideas from team members and training requirements in addition to matters arising from external quality assessments.</p> <p>At present, each element is maintained separately.</p>	<p>It would be beneficial to consider drawing together the various elements of review in a formal QAIP policy and presenting this to Audit Committees, as such in the Annual Report as required in the PSIAS.</p> <p>An example policy has been provided.</p> <p style="text-align: right;">PSIAS 1300</p>

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

	Issue identified	Recommended action	
Page 28	<p>1 Risk-based internal audit</p> <p>The emphasis of the PSIAS concerns significance. Earlier observations referred to the benefit which may be obtained by increasing alignment with each Councils risk management processes.</p> <p>In this respect current practice:</p> <ul style="list-style-type: none"> a) Includes low risk audits in annual audit plans b) Utilises 'Control Checklists' as the basis for audits, and c) Has a tendency to produce reports that are 'controls based' rather than focusing on risks to achievement of identified management objectives. 	<p>Ensure that in all aspects of the internal audit methodology there is transparent consideration of the significant risks that may impact upon successful delivery of management objectives.</p> <p>At an Engagement level this should include identification and focus on particular risks, to the exclusion of others, where risk management policies or discussions identify issues of a potentially catastrophic nature such as safeguarding, health and safety, legislative compliance, failure to deliver statutory services or reputational damage.</p> <p style="text-align: right;">PSIAS 2010/2300/2060</p>	
	<p>Code of Ethics</p> <p>Internal Audit reports currently state that the audit has been conducted in accordance with the Public Sector Internal Audit Standards.</p>	<p>Increasingly best practice also states that the audit has been conducted in accordance with the Institute of Internal Auditors Code of Ethics.</p> <p style="text-align: right;">PSIAS Code of Ethics</p>	
	<p>3 Working papers</p> <p>The file review exercise identified different practices in relation to how the audit working papers were constructed with some focusing on risks and other more reflective of controls.</p>	<p>Establishing the 'Golden Thread' between Management Objectives, significant risks and key controls should be the basis of each audit as this would allow the development of a consistent approach to the conduct of audit engagements and ensure a focus on significance.</p> <p style="text-align: right;">PSIAS 2200/2300</p>	

Delivery continued

	Issue identified	Recommended action
<p>4</p> <p>Page 29</p>	<p>IA Opinions Internal Audit currently uses four levels of opinion – Substantial, Reasonable, Limited and Inadequate – definitions of expectations is provided clarifying the differences between the levels, although this uses general terminology regarding risk rather than relating specifically to the risk appetite of each client.</p> <p>The PSIAS as stated previously emphasises the requirement to focus on what is 'significant' to the achievement of Management Objectives.</p>	<p>The HoIA should consider rewording basis of overall opinions to provide increasing clarity regarding how internal auditors should assess the assurance level provided based on the significance of the risks identified and the recommendations made.</p> <p>Where a risk/recommendation of a 'Critical, Catastrophic or Severe' nature is identified this would indicate that at best a 'Limited Assurance' opinion should be used.</p> <p style="text-align: right;">PSIAS 2410 A1/2060</p>

Delivery continued

	Issue identified	Recommended action
<p>5</p> <p>Page 30</p>	<p>Head of Internal Audit Annual Report</p> <p>The Annual Report provides an evidenced approach regarding the basis upon which the opinion regarding risk management, governance and control has been reached and compares favourably with other practice in the sector.</p> <p>This includes increasing recognition of significant risk and those wider sources of assurance that are available to the HoIA in reaching this opinion.</p> <p>Whilst risk management systems do not consistently include a comprehensive analysis of the sources of assurance as a second line of defence, the internal audit team has made good progress in identifying routine sources of assurance that are available as well as compiling a Fraud Risk Assessments for each client.</p>	<p>The Head of Internal Audit should continue to develop the formality of the Annual Report process building the links between this report and the Annual Governance Statement.</p> <p>Inclusion of references to significant risks currently faced by each client will be of benefit to all stakeholders.</p> <p>Further consideration should be given to inclusion other sources of assurances that are available such as that relating to independent assurance regarding PSN, where these are relevant to providing evidence regarding the significant risks faced by each client.</p> <p style="text-align: right;">PSIAS 2060/2450</p>

Part two



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Suggested enhancements for consideration

Suggested Enhancements for consideration

	Issue identified	Recommended action
Page 32	<p>1. Exit meeting template Discussions with management regarding the findings identified within engagements are discussed with management and based upon a first draft of the report.</p> <p>A summary of the discussion is then recorded in a narrative note, which is then used to produce the final report.</p> <p>Draft reports can contain misunderstandings or factual inaccuracies which may detract from the value of a report and which may be better clarified before time is incurred constructing a report and recommendations.</p>	<p>It is recognised that the HoIA prefers to use the draft report as the basis for conducting the exit meeting however it may be beneficial to introduce a standard template on which to record findings/recommendations along with draft management reactions as the audit progresses, as this will both formalise the approach to arriving at the draft report stage, as well as support timely feedback and verify any misunderstandings or factual inaccuracies.</p> <p>This may represent a more efficient and effective use of time by all parties rather than wait for production of a draft report to correct misunderstandings.</p>
	<p>Client surveys Progress has been made in obtaining feedback from auditees following each audit.</p>	<p>The level of response is similar to that seen in other organisations and therefore Internal Audit may find it useful to utilise an application such as Microsoft Forms or Survey Monkey for collecting feedback, as this can prove to be an efficient means which helps achieve an early response.</p>
	<p>3. Working Paper review record Current practice is to evidence supervision of an engagement using a working paper review template which reflects good practice.</p> <p>Other evidence of review is contained on pre-engagement documentation and at report stage.</p>	<p>It may be beneficial to extend the use of the existing template to include evidence of the review of pre-audit involvement of the nominated supervisor as well as approval of the review and release of draft and final reports.</p>

Suggested Enhancements for consideration

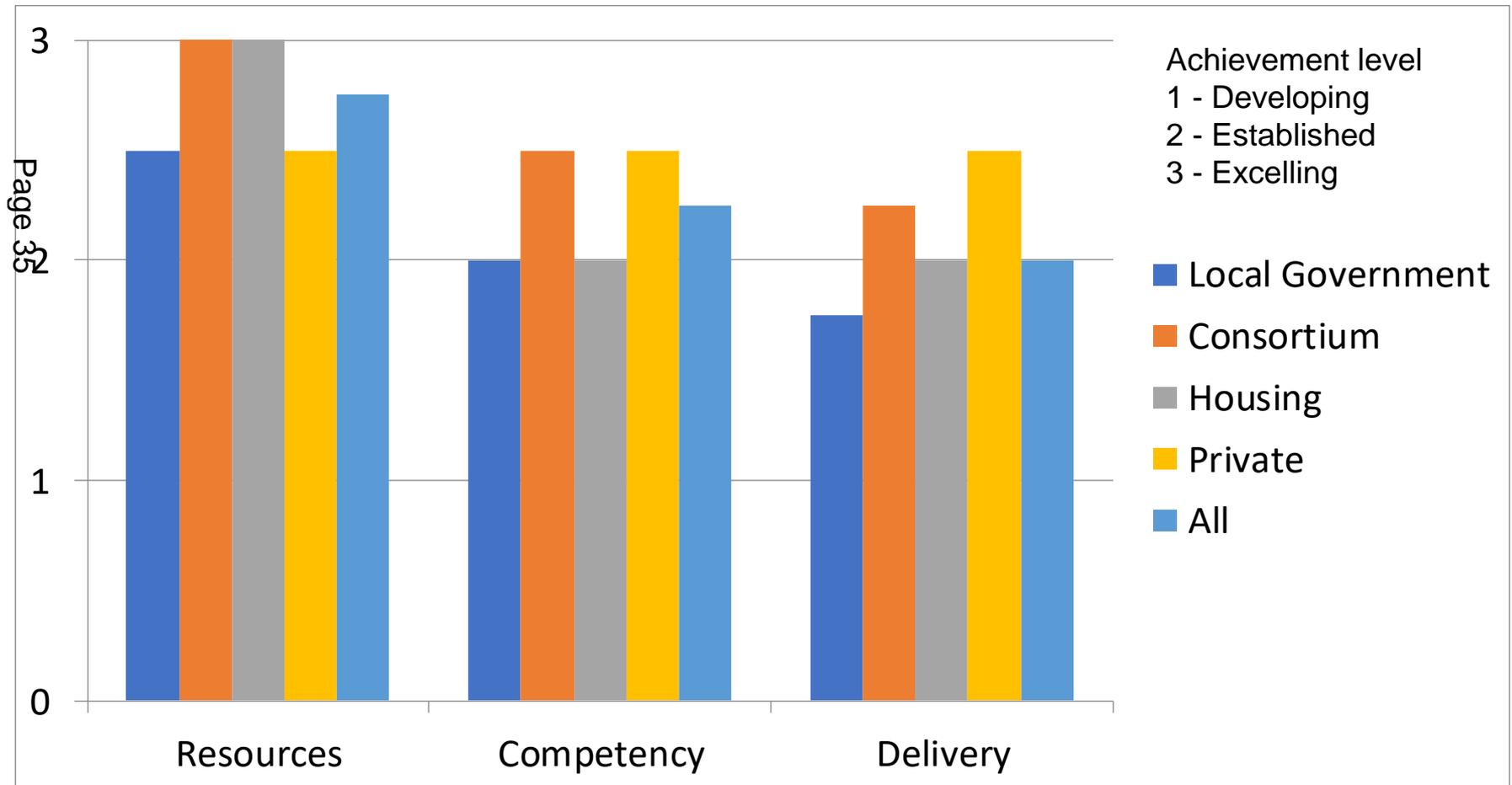
	Issue identified	Recommended action
<p>4.</p> <p>Page 33</p>	<p>HoIA Performance Development Review The current process is managed as required by the policy at Chesterfield Borough Council with the review being completed by the Service Director Finance; the Chief Executive reviews and comments as the managers manager.</p> <p>The standards suggest that it is good practice for feedback to also be received from the Chair of the Audit Committee.</p>	<p>As the IA Consortium provides a service to four other organisations it would be constructive to also invite feedback on an annual basis from the Chief Executive and Chairs of Audit Committee from these clients.</p> <p style="text-align: right;">PSIAS 1110</p>

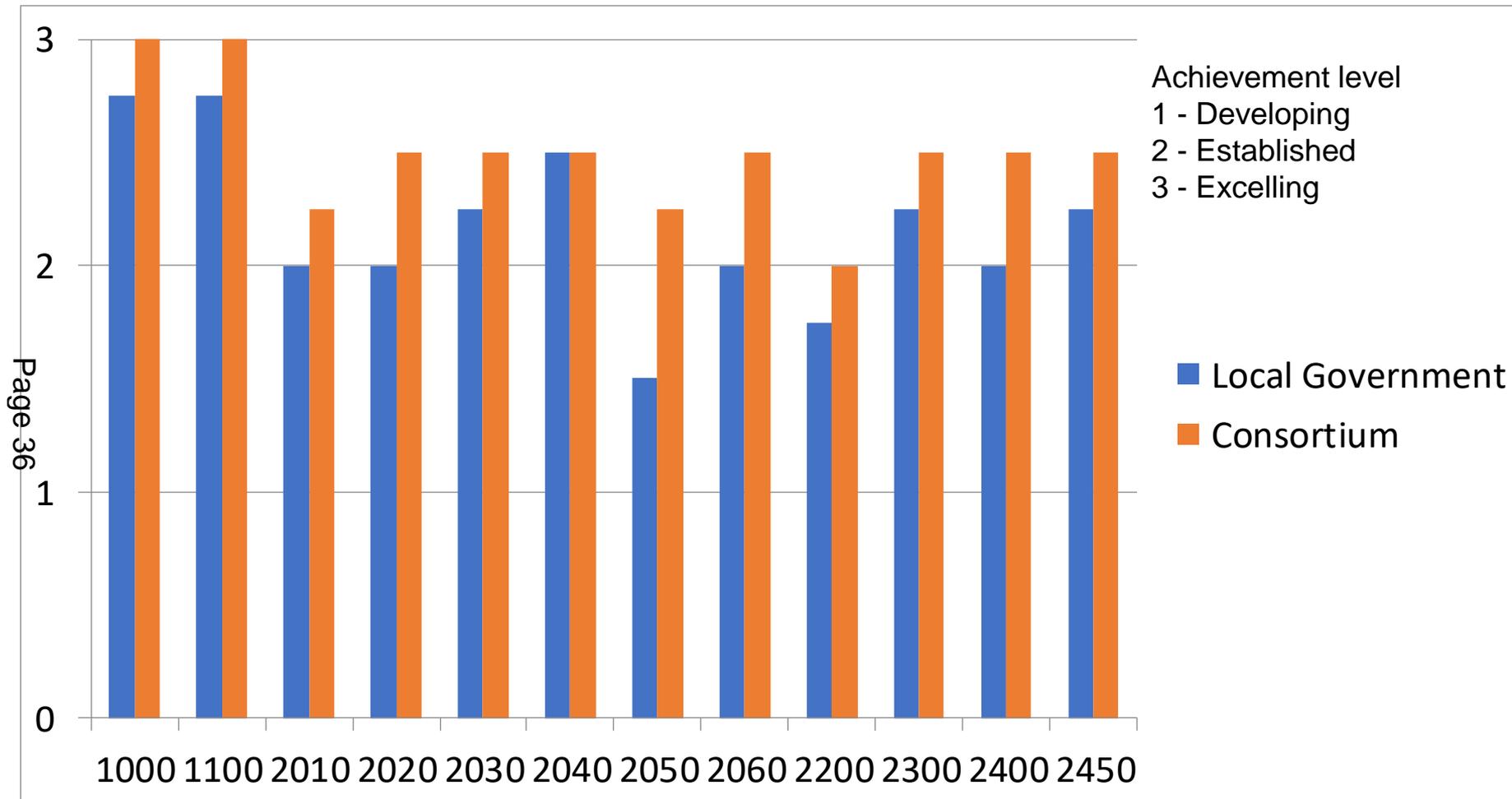
Part three



Benchmarking

Benchmarking - Sector analysis





Appendix

- Page 37
1. Summary of client feedback
 2. Key IPPF/PSIAS standards assessed
 3. Basis for EQA
 4. Grading of recommendations

Summary stakeholder feedback

Question	Positive (%)	Negative (%)
I understand Internal Audit's role in the organisation and its purpose.	100	
Internal Audit is customer focused and understands what the organisation is trying to achieve. Internal Audit considers the viewpoints of the organisation when planning and undertaking reviews and aims to provide a good balance between assurance and good practice with opportunities for improvement.	100	
Internal audit has a presence in the organisation which is visible and approachable.	100	
The Internal Audit team provides a flexible and reliable service which adds value through the assurance audits and additional work it undertakes.	100	
Internal Audit makes you aware of any significant issues that occur during an audit on a timely basis and you have the opportunity to respond or provide additional information.	93	7
Internal audit has the skills to provide appropriate assurance and advice to meet our needs?	100	
Good practice and ideas from other organisations are shared through audits, day to day contact, meetings or other engagement methods.	93	7
Average	98%	2%

Conclusion:

Feedback from stakeholders confirms that the Consortium is considered to provide a high-quality internal audit service whose brief is clearly understood and the assurance and advice that is provided is well regarded.

Those responses where negative feedback has been received may reflect other findings of the review in so far as they reflect the potential to increase recognition of management objectives and inherent risk through continuing to develop client relationships to mutual benefit.

Key PSIAS Standards assessed

(for benchmarking purposes)

Standard		Focus
1000	Purpose, Authority and Responsibility	The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> . The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.
1100	Independence and Objectivity	The internal audit activity must be independent, and internal auditors must be objective in performing their work.
2010	Planning	The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
2020	Communication and approval	The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.
2030	Resource Management	The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.
2040	Policies	The chief audit executive must establish policies and procedures to guide the internal audit activity.
2050	Co-ordination	The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.
2060	Reporting	The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.
2200	Engagement planning	Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.
2300	Work programme	Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.
2400	Communicating results	Internal auditors must communicate the results of engagements
2450	Overall opinions	When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

Basis for EQA

Compliance with IPPF/PSIAS

- **Resources**

Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

- **Competency**

Charter, Internal Audit Manual, Planning and Allocation of staffing, Recruitment (Numbers and skills), Training (Professional and Technical), Appraisal and Development

- **Delivery**

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

Basis for overall opinion

Generally Conforms means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

Partially Conforms means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual *Standard* or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organisation.

Does Not Conform means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual *Standard* or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board. Often, the most difficult evaluation is the distinction between general and partial. It is a judgment call keeping in mind the definition of general conformance above. Carefully read the *Standard* to determine if basic conformance exists. The existence of opportunities for improvement, better alternatives, or other successful practices do not reduce a generally conforms rating.

Grading of recommendations

- The grading of recommendations is intended to reflect the relative importance to the relevant standard within the Public Sector Internal Audit Standards (PSIAS).

Recommendation grading	Explanation
Enhance	The internal audit service must enhance its practice in order to demonstrate transparent alignment with the relevant PSIAS standards in order to demonstrate a contribution to the achievement of the organisations' objectives in relation to risk management, governance and control.
Review	The Internal audit service should review its approach in this area to better reflect the application of the PSIAS.
Consider	The internal audit service should consider whether revision of its approach merits attention in order to improve the efficiency and effectiveness of the delivery of services

- In grading our recommendations, we have considered the wider environment in terms of both the degree of transformation that is currently taking place as well as our assessment of the level of risk maturity that currently exists, as these will have a consequence for the conduct of internal audit planning as well as subsequent communication.

For publication

Internal Audit Consortium Annual Report 2020/2021

Meeting:	Joint Board
Date:	8 th October 2021
Cabinet portfolio:	Governance
Directorate:	Finance
For publication	

1.0 Purpose of the report

- 1.1 To report on the performance of the Internal Audit Consortium during 2020/21.

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 2020/21 Annual Report of the Internal Audit Consortium.

4 Report details

BACKGROUND

- 4.1 The Internal Audit Consortium came into operation on the 1st 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 for each constituent authority were presented to each council's respective Audit Committee at the end of July 2021.

PERFORMANCE IN 2020/21

Internal Audit Plans

- 4.3 Internal Audit Plans were established for each authority before the start of the financial year. The cancellation of Audit Committee meetings due to COVID-19 at NEDDC and BDC did mean that the plans were not formally approved by Members however they were reviewed and approved by the Strategic Alliance Management Team and the risk management groups.
- 4.4 The advent of COVID- 19 unsurprisingly had an impact on the extent of completion of the 2020/21 internal audit plan however, enough of the internal audit plans (along with reliance on other assurances) were completed to be able to give an unlimited audit opinion in respect of the 2020/21 financial year. The majority of areas not completed from the 2020/21 plans have been rolled forward into 2021/22.
- 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:
- The Internal Audit manual was reviewed in May 2020.
 - A self -assessment of compliance with the Public Sector Internal Audit Standards was completed in April 2021 and the review did not identify any significant 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". This is the subject of a separate report on the agenda.
 - Team meetings are utilised to discuss improvement ideas and share best practice.

- Since lockdown regular team meetings and 1:1's have taken place remotely.
- The team have adapted to working from home.
- All personal development reviews have been completed and training needs identified.

Performance Targets

4.7 The results of the performance targets measured in 2020/21 are shown in the table below.

Description	2020/21		2021/22
	Plan	Actual	Plan
Cost per Audit Day	£294	£284	£306
Percentage of Plan Completed	75%	68%	75%
Sickness Absence (Average Days per Employee)	8.0 (Corporate Trigger)	0.00	8.0
Customer Satisfaction Score	85%	95%	85%
To issue internal audit reports within 10 days of the close out meeting	90%	100%	90%
Number/proportion of audits completed within time allocation	80%	Not measured	80%
Quarterly reporting to Audit Committees	100%	100%	100%

4.8 Overall, 68% of the internal audit plans were completed which given the circumstances of the last year is considered a major achievement. Some staff were redeployed to work on business grants for a period.

FINANCIAL PERFORMANCE

4.9 The original budgets and charges for 2020/21 were agreed by the Joint Board in March 2020 and subsequently revised in March 2021. The revised budget for 2020/21 showed an estimated surplus for the year of £12,800 plus a brought forward balance of £20,000.

- 4.10 The outturn for the year shows a surplus of £15,053 plus a brought forward balance of £20,000. Appendix 1 provides a comparison of the budget and outturn figures.
- 4.11 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.
- 4.12 This will result in the following distribution:

	£
Surplus at 31 st March 2021	35,053
Less Balance carried forward	20,000
	<u>15,053</u>
Distribution:	
Chesterfield (36.6%)	5,509
North East Derbyshire DC (31.8%)	4,787
Bolsover DC (31.6%)	4,757
	<u>15,053</u>

Staffing

- 4.13 The Internal Audit Consortium is currently fully staffed. During the year the Senior Auditor for NEDDC left however one of our current Auditors (CIPFA apprenticeship recently completed) was promoted into this post and started at the beginning of July 2021. We have also successfully recruited into the vacant auditor post that the promotion created.

Training

- 4.14 Training needs are discussed and assessed with each staff member during employee personal development reviews.
- 4.15 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.
- 4.16 One employee undertaking the Chartered Institute of Public Finance and Accountancy Apprenticeship has now successfully completed their studies

and is now fully qualified (this is the employee that was promoted to the position of Senior Auditor).

- 4.17 One Auditor is commencing an Institute of Internal Auditors apprenticeship and another Auditor is starting an Association of Accounting Technicians apprenticeship.

RISK REGISTER

- 4.18 The Internal Audit Consortium risk register has been updated and is shown as Appendix 2. Due to COVID -19 the risk of not substantially completing the Internal Audit Plans 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 and taking assurances from other areas where possible. Each audit committee will receive regular progress updates.

5 Alternative options

- 5.1 Not applicable.

6 Implications for consideration – Council Plan

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

7 Implications for consideration – Financial and value for money

- 7.1 The Internal Audit Consortium operated under budget during 2020/21 which will result in a repayment to each of the partner authorities.
- 7.2 The production of an annual report enables Joint Board to assess if the Internal Audit Consortium is providing an effective value for money service.
- 7.3 Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

8 Implications for consideration – Legal

- 8.1 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”.

9 Implications for consideration – Human resources

- 9.1 None.

10 Implications for consideration – Risk management

- 10.1 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.

11 Implications for consideration – community wellbeing

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

12 Implications for consideration – Economy and skills

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

13 Implications for consideration – Climate Change

- 13.1 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.

14 Implications for consideration – Equality and diversity

14.1 None.

Decision information

Key decision number	<i>All key decisions must be in the Forward Plan at least 28 days in advance. There are constitutional consequences if an item is not in the Forward Plan when it should have been. Contact Democratic Services if in doubt.</i>
Wards affected	

Document information

Report author	
Jenny Williams Internal Audit Consortium Manager Finance	
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
None	
Appendices to the report	
Appendix 1	Internal Audit Consortium Budget and Actual - 2020/21 and Estimate 2021/22
Appendix 2	Internal Audit Consortium Risk Register

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**INTERNAL AUDIT CONSORTIUM BUDGET & ACTUAL – 2020/21
AND ESTIMATE 2021/22**

	2020/21			2021/22
	Original £	Revised £	Actual £	Original Estimate £
<u>Expenditure:</u>				
Employees	387,510	381,760	381,450	395,150
Transport	3,000	900	252	3,000
Supplies	7,410	1,980	681	17,390
Support Services	51,730	52,210	52,214	52,990
Total Expenditure	449,650	436,850	434,597	468,530
<u>Income:</u>				
Charges to CBC	160,690	160,690	160,690	166,650
Charges to NEDDC	139,620	139,620	139,620	144,800
Charges to Bolsover	138,740	138,740	138,740	143,880
Charges – other	400	400	400	400
Charges to DDDC	10,200	10,200	10,200	12,800
Additional Income				
Total Income	449,650	449,650	449,650	468,530
Net surplus/(deficit) in year	0	12,800	15,053	0
Net surplus/(deficit) b/fwd	20,000	20,000	20,000	20,000
Net surplus/(deficit) c/fwd.	20,000	32,800	35,053	20,000
Less surplus to be distributed	0	12,800	15,053	0
Working Balance Carried Forward	20,000	20,000	20,000	20,000

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Internal Audit Consortium Risk Register

Total Risk Score: Likelihood x Impact. Rating Key:

0-4 Green	5-14 Amber	15+ Red
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Definite (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Highly Unlikely (1)	1	2	3	4	5
	Negligible (1)	Low (2)	Medium (3)	High (4)	Very High (5)
	Impact				

Internal Audit Consortium Risk Register

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
<p>Failure to substantially complete the agreed audit plans. COVID 19 is making it difficult to arrange and progress audits at the usual speed and the CBC team were redeployed to work on business grants for 2 months.</p>	<p>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. It may be necessary to give a Limited scope opinion that would need to be reflected in the Annual Governance Statement and could impact on compliance with the Public Sector Internal Audit Standards.</p>	<p>Concentration on high and medium risk areas where possible to ensure coverage of governance, risk and control processes. Regular reviews of progress and assessment of emerging risks. Regular updates to management and the Audit Committees.</p>	<p style="text-align: center;">Possible/High 3 x 4 = 12 Amber</p>	<p style="text-align: center;">None currently</p>	<p style="text-align: center;">Possible/High 3 x 4 = 12 Amber</p>	<p style="text-align: center;">Internal Audit Consortium Manager</p>

<p>Failure to identify emerging high risk areas for review. COVID- 19 may have had an impact on processes and procedures with controls in place potentially weakened</p>	<p>High risk areas may remain undetected until it is too late.</p>	<p>Regular contact with the Section 151 officer, attendance at the risk management groups. Amendment of test schedules to address COVID -19 risks and discussed at scoping meetings. Discussions with Notts and Midlands audit groups</p>	<p>Possible/High 3 x 4=12 Amber</p>	<p>Maintain regular dialogue with key officers and the risk management groups</p>	<p>Unlikely/High 2 x 4=8</p>	<p>Internal Audit Consortium Manager</p>
<p>Failure to undertake work to a satisfactory standard</p>	<p>External audit and section 151 officers can't place reliance on work</p>	<p>All work subject to quality reviews by senior staff. External review of internal audit undertaken May 2021 concludes that the Consortium is compliant with the PSIAS. Internal self-assessment against PSIAS undertaken on an annual basis.</p>	<p>Unlikely/Medium 2 x 3 = 6 Amber</p>	<p>Implementation of the action plan arising from the external review of internal audit</p>	<p>Highly Unlikely/Medium 1 x 3 = 3 Green</p>	<p>Internal Audit Consortium Manager</p>

Insufficient financial resources to fund consortium	Cannot achieve plans and therefore provide an annual audit opinion. Managers and Members are not provided with the assurance that governance, risk and control processes are in place.	Joint Board have approved the Consortiums budget March 21 for 2021/22	Possible/High 3 x 4 = 12 Amber		Possible/High 3 x 4 = 12 Amber	Internal Audit Consortium Manager
Lack of appropriately qualified and experienced staff, recruitment difficulties	Unable to complete the plan, work not to the required standard. Working from home making it difficult to train new staff.	Training and development of current staff. IIA and AAT Apprenticeships starting in September. Annual performance development reviews and monthly 1:1 meetings. Regular teams / Zoom Meetings.	Possible/High 3 x 4 = 12 Amber	None. At present fully staffed although this is still a concern for the future.	Possible/High 3 x 4 = 12 Amber	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.	Unlikely/Medium 2 x 3 = 6 Amber	None	Unlikely/Medium 2 x 3 = 6 Amber	Internal Audit Consortium Manager

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