



CHESTERFIELD
BOROUGH COUNCIL



North East
Derbyshire
District Council

Please ask for Liz Athorn

Direct Line:

Email democratic.services@chesterfield.gov.uk

The Chair and Members of Joint
Board

18 March 2025

Dear Councillor,

Please attend a meeting of the JOINT BOARD to be held on WEDNESDAY, 26 MARCH 2025 at 2.30 pm at North East Derbyshire District Council, 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 - 6)
4. Internal Audit Progress Report 2024/25 and Draft Business Plan 2025/26 (Pages 7 - 24)
5. Date and Time of the Next Meeting

2pm on Wednesday, 24th September 2025 at Bolsover District Council

Yours sincerely,

A. Wick -

Head of Legal Services and Monitoring Officer

Agenda Item 3

RECORD OF EXECUTIVE DECISIONS – JOINT WORKING

CBC: LEADER		Date of Decision 25.09.24		
BDC: LEADER				
NEDDC: LEADER				
Title Reference: Internal Audit Consortium Annual Report 2023/24				
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 annual report of the Internal Audit Consortium be approved.				
Reasons for Decision:				
To enable the Joint Board to consider and approve the 2023/24 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: 02 October, 2024.				
Date Record Issued: 25.09.24				
Contact Officer: Liz Athorn, Chesterfield Borough Council, Tel: (01246) 959612				

CBC: LEADER		Date of Decision 25.09.24		
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 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 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: 02 October, 2024.				
Date Record Issued: 25.9.24 Contact Officer: Liz Athorn, Chesterfield Borough Council, Tel: (01246) 959612				

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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For publication

Internal Audit Consortium Progress Report 2024/25 and Draft Business Plan 2025/26

Meeting:	Joint Board
Date:	26th March 2025
Cabinet portfolio:	Governance
Directorate:	Finance
For Publication	

1.0 Purpose of the report

- 1.1 To update the Joint Board on the progress made by the Internal Audit Consortium during the financial year 2024/25.
- 1.2 To provide an update on the business plan (budget) for the Consortium for 2024/25 and to seek approval for the revised 2024/25 business plan and draft business plan for 2025/26.
- 1.3 To inform the Joint Board about the Global Internal Audit Standards that replace the Public Sector Internal Audit Standards from the 1st April 2025.

2.0 Recommendations

- 2.1 That the progress made by the Internal Audit Consortium be noted.
- 2.2 That the revised business plan (budget) for 2024/25 and the draft Internal Audit Consortium Business Plan (and associated charges) for 2025/26, based on Appendix 1, be approved.
- 2.3 That any accumulated surplus of the Internal Audit Consortium at the 31st March 2025 (less £30,000 to be held as a working balance - provided there is sufficient to do this once the outturn is known) be distributed to the partner authorities following the audit of the accounts being completed.
- 2.4 That an annual report on the outcome of the operation of the Internal Audit Consortium for 2024/25 be submitted to the Joint Board following the year-end.

2.5 That the introduction of the Global Internal Audit Standards from the 1st April 2025 be noted.

3.0 Reason for recommendations

3.1 The approval of the 2025/26 business plan will mean that the Consortium can continue to deliver a quality service that can provide independent assurance on governance, risk management and control processes.

3.2 To enable the Joint Board to consider and approve the revised business plan for 2024/25 and the draft business plan for 2025/26.

3.3 To ensure that the Joint Board are aware of the Global Internal Audit Standards that replace the Public Sector Internal Audit Standards from the 1st April 2025.

4 Report Details

Staffing

4.1 During the 2024/25 financial year the Senior Auditor for CBC retired. A BDC Auditor was promoted to the CBC Senior Auditor post which left an Auditor vacancy at BDC. The BDC Auditor post has been filled.

4.2 The BDC Senior Auditor has recently accepted a Principal Accountant post at BDC and will be leaving the Consortium Mid- May. The BDC Senior Auditor post has been advertised with a closing date of the 16th March and interviews to be held on the 4th April 2025.

Training

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

4.4 All staff keep up to date via ad hoc courses / webinars, team meetings and reading appropriate professional magazines etc. Examples of training undertaken in 2024/25 include: -

- Communication skills for internal auditors (full day training February 25)
- Essentials of internal audit – 2 day webinar (new auditors)
- Introduction to VAT in Local Authorities
- VAT and property
- CIPFA Governance update for Local Authorities 2025 (February 25)
- Governance, risk and compliance
- NFI system user training
- Root cause analysis
- Ethical behaviour (team meeting January 2025)

- Elevating the impact of internal audit
 - Note taking and capturing key information
- 4.5 The Consortium are members of the Local Authority Chief Auditors Network, the Midlands Audit Group and the Nottinghamshire Audit Group where best practice, emerging risks, concerns etc. are shared and discussed.
- 4.6 All mandatory training has been completed.

Global Internal Audit Standards / Working Procedures

- 4.7 In January 2024 the Institute of Internal Auditors (IIA) published the Global Internal Audit Standards (GIAS) that are intended to guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function.
- 4.8 From the 1st April 2025 the GIAS will replace the Public Sector Internal Audit Standards (PSIAS). The Internal Audit Consortium is currently compliant with the PSIAS and whilst many of the principles of auditing are the same, work is ongoing to ensure full compliance with the GIAS and an action plan has been developed and reported to each Audit Committee.
- 4.9 While the GIAS apply to all internal audit functions, internal auditors in the public sector work in a political environment under governance, organisational and funding structure. There is therefore also a CIPFA Application note that sets out the interpretations and requirements which need to be applied to the GIAS requirements, in order that these form a suitable basis for internal audit practice in the UK public sector.
- 4.10 CIPFA has also developed the Code of Practice for the Governance of Internal Audit in Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside the new internal audit standards.
- 4.11 The Code is aimed at those responsible for ensuring effective governance arrangements for internal audit so for CBC this is the Standards and Audit Committee and for NEDDC and BDC the Audit Committee.
- 4.12 The Head of the Internal Audit Consortium has undertaken a self-assessment against the Global Internal Audit Standards using the Institute of Internal Auditors self-assessment toolkit.
- 4.13 Whilst the bulk of the Standards are already complied with, some areas for improvement have been identified to ensure full compliance. In summary, the main action plan points relate to: -

- Updates to current documentation to ensure that they reference the GIAS rather than the PSIAS e.g. the Internal Audit Charter and Internal Audit Manual
 - Retaining evidence of regular training on ethical and professional behaviour, objectivity, due professional care and communication skills
 - Clarifying Board (Audit Committee) responsibilities, championing internal audit and assessing their effectiveness
 - Development of an Internal Audit Strategy
 - Documentation of the basis of reliance on other assurances
 - Greater emphasis on identifying the root cause of problems identified
 - 2025/26 Annual Governance Statement to detail how the Council complies with the Code.
- 4.14 Each Audit Committee has been provided with a copy of the Global Internal Audit Standards, the CIPFA Application note and the Code of Practice for the Governance of Internal Audit in Local Government (the Code) along with an action plan to achieve full compliance.
- 4.15 All working practices and documentation are in the process of being reviewed and updated to reflect best practice as specified by the Global Internal Audit Standards.
- 4.16 Regular team meetings and 1:1 's take place with all staff. All quarterly valuing individuals and performance reviews have been completed during the year.

Internal Audit Plans

- 4.17 Internal audit plans for 2024/25 were agreed with each section 151 officer, management team and Audit Committee in March / April 2024.
- 4.18 Regular progress reports showing a summary of internal audit reports issued and progress against the 2024/25 plans have been submitted to each Council's Audit Committee. Good progress has been made on the plans although they will not be completed in their entirety due to staff vacancies during the year. Areas not completed are being considered for inclusion in the 2025/26 internal audit plans.
- 4.19 Mid- year review meetings were held with each client officer to discuss progress and consider budget issues, as required under the Consortium Legal Agreement.
- 4.20 An annual report was submitted to each Audit Committee at the end of 2023/24 summarising the audit work undertaken and giving an opinion on the control environment.

Derbyshire Dales District Council

- 4.21 The Head of the Internal Audit Consortium continues to offer a management service to Derbyshire Dales District Council at a charge of £11,650 per annum

for 2024/25 and these charges are increased annually to cover pay and insurance increases.

Business Plan 2024/25 and Draft Business Plan 2025/26

- 4.22 The original business plan for 2024/25 was approved by the Joint Board in March 24. The original business plan projected a break- even position for the year (Appendix 1).
- 4.23 The revised business plan based on the revised budget estimates now predicts a deficit of £7,980 thus reducing the carry forward to £22,020. The additional cost is for items not originally fully budgeted for, mainly the pay award. However, salary costs have not been revised to reflect the period posts were vacant for so the end of year position should come out at a small surplus enabling the £30,000 carry forward to be retained.
- 4.24 To cover any further potential staffing shortages / changes/ market supplements and training costs for new staff etc. it is proposed that £30,000 (should this be available once actuals are calculated) continues to be carried forward at the year end as a working balance and that any surplus additional to this be redistributed.

Business Plan 2025/26 (Draft)

- 4.25 A draft business plan for the Consortium has been prepared for 2025/26 and the following two years (see Appendix 1). This business plan is based on the FTE of 8.85 posts. The fee has increased more than usual due to national insurance changes and incorporating an estimated 3% pay award.
- 4.26 For information, a summary of the charges made by the Consortium covering the period 2021/22 – 2025/26 (estimate) is shown in Appendix 2.

Risk Register

- 4.27 The Internal Audit Consortium risk register has been updated and is shown as Appendix 3. The current biggest risk is if we fail to recruit to the BDC Senior Auditor post that will become vacant in May 2025. As mitigation, there is the carry forward budget (£30k) that could be used to pay for an interim member of staff and there is the facility to move staff around within the consortium or for specific audits.
- 4.28 The introduction of the Global Standards creates a non- compliance with best practice risk however an action plan has been developed to work towards full compliance.

5 Alternative options

- 5.1 Not Applicable.

6 Implications for consideration – Financial and Value for Money

6.1 The provision of an effective Internal Audit service helps to ensure that the organisations internal controls, risk management and governance arrangements are appropriately assessed in terms of their adequacy and effectiveness.

7 Implications for consideration – Legal

7.1 The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards or guidance”.

8 Implications for consideration – Human Resources

8.1 None

9 Implications for consideration – Council Plan

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

10 Implications for consideration – Climate Change

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

11 Implications for consideration – Equality and Diversity

11.1 None

12 Implications for consideration – Risk Management

12.1 Regular audit reviews help to ensure that risk is appropriately managed.

Decision information

Key decision number	
Wards affected	None

Document information

Report author

Jenny Williams
Head of the Internal Audit Consortium
Finance

Background documents

None

Appendices to the report

Appendix 1	Business Plan
Appendix 2	Consortium Charges
Appendix 3	Risk Register

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INTERNAL AUDIT CONSORTIUM BUSINESS PLAN 2024/25 TO 2027/28					
	2024/25		2025/26	2026/27	2027/28
	Original £	Revised £	Estimate £	Estimate £	Estimate £
<u>Expenditure:</u>					
Employees	450,830	452,680	473,640	492,390	511,610
Transport	3,000	3,000	3,000	3,000	3,000
Supplies	7,530	7,560	7,600	17,650**	7,700
Support Services	68,180	74,280	75,700	77,160	78,660
Total Expenditure	529,540	537,520*	559,940	590,200	600,970
<u>Income:</u>					
Charges to CBC	189,548	189,548	200,550	210,570	215,300
Charges to NEDDC	164,689	164,689	174,240	182,960	187,060
Charges to BDC	163,653	163,653	173,150	181,810	185,880
Charges to Derbyshire Dales DC	11,650	11,650	12,000	14,860***	12,730
Total Income	529,540	529,540	559,940	590,200	600,970
Net surplus/(deficit) in year	0	(7,980)	0	0	0
Net surplus/(deficit) b/fwd	30,000	30,000	22,020	22,020	22,020
Net surplus/(deficit) c/fwd	30,000	22,020	22,020	22,020	22,020
Less distribution of surplus	0	0	0	0	0
Surplus balance carried forward	30,000	22,020	22,020	22,020	22,020

*This figure does not take into account vacancy savings

** Additional budget for external review of Internal Audit

** includes ¼ share of cost of external review of Internal Audit

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Internal Audit Consortium Charges 2021/22 – 2025/26

Charges to:	2021/22	2022/23	2023/24	2024/25 Revised Estimate	2025/26 Estimate
Chesterfield BC	166,650	169,300	188,170	189,548	200,550
North East Derbyshire DC	144,800	147,090	163,490	164,689	174,240
Bolsover DC	143,880	146,170	162,470	163,653	173,150
Derbyshire Dales DC	11,163	10,400	10,500	11,650	12,000
Total	466,943	473,410	524,630	529,540	559,940
Refund of Accumulated Surplus: (deficit)					
Chesterfield BC	0	21,016	19,439	(2,921)	0
North East Derbyshire DC	0	18,260	16,889	(2,538)	0
Bolsover DC	0	18,145	16,783	(2,521)	0
Total Refund	0	57,421**	53,111	(7,980)	0
Surplus Retained	27,320*				
Total Cost	466,943	415,989	471,519	537,520***	559,940

*Surplus retained rather than redistributed in case required for agency fees etc due to recruitment difficulties

**£57,421 consists of the £27,320 that wasn't utilised plus the in year surplus of £30,101

*** This figure does not take into account vacancy savings so the outturn figure should result in a small surplus for each Council rather than a deficit as is currently shown

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Internal Audit Consortium Risk Register

Total Risk Score: Likelihood x Impact. Rating Key:

0-8 Green	9-14 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/DAT E	TARGET RISK RATING LIKELIHOOD /RISK IMPACT/DATE	RISK LEAD
Failure to substantially complete the agreed audit plans.	The Head of the Internal Audit Consortium can't give an opinion on the governance, risk and control arrangements in place. This could lead to a limited annual audit opinion, failure to comply with the Global Internal Audit Standards and criticism / qualified VFM opinion from external audit, comment in the Annual Governance Statement / system weaknesses remaining undetected.	<ul style="list-style-type: none"> • Concentration on high and medium risk areas identified in the annual plan spanning governance, risk and control processes. • Regular reviews of progress and assessment of emerging risks. • Reliance on other assurances such as the Council's performance management system, PSN compliance, external audit etc 	<p style="text-align: center;">Possible/High 3 x 4 = 12 Amber</p>	Keep under review. Regular liaison with client officers and reporting to Audit Committees. Use of temporary / agency staff if necessary from carry forward budget.	<p style="text-align: center;">Unlikely/High 2 x 4 = 8 Green</p>	Head of Internal Audit Consortium
Failure to identify emerging high risk areas for review.	High risk areas may remain undetected until it is too late. Unable to provide assurance that emerging risks are being appropriately managed	<ul style="list-style-type: none"> • Regular contact with the Section 151 officer • attendance at the risk management groups. • Risks discussed at scoping meetings with managers. • Discussions with 	<p style="text-align: center;">Possible/High 3 x 4=12 Amber</p>	Maintain regular dialogue with key officers and the risk management groups. Review of strategic risk registers Upcoming	<p style="text-align: center;">Unlikely/High 2 x 4=8 Green</p>	Head of Internal Audit Consortium

CAUSE	EFFECT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	CURRENT RISK RATING LIKELIHOOD /RISK IMPACT	FURTHER ACTION REQUIRED/DAT E	TARGET RISK RATING LIKELIHOOD /RISK IMPACT/DATE	RISK LEAD
		<p>Notts and Midlands audit groups and Local Authorities Chief Auditors Network</p> <ul style="list-style-type: none"> • Reading professional magazine articles – IIA, CIPFA • Audit plans are discussed with 151 Officers, management teams and the Audit Committee. 		discussions re 2025/26 internal audit plans		
<p>Failure to undertake work to a satisfactory standard/ comply with best practice. New Global Internal Audit Standards from April 2025 replacing the PSIAS</p>	<p>External audit and section 151 officers can't place reliance on work. New auditors requiring a lot of supervision and training Non compliance with PSIAS (Global Standards from April 2025)</p>	<ul style="list-style-type: none"> • All work is subject to quality reviews by senior staff • Audit manual in place documenting working practices. • External review of internal audit undertaken May 2021 concluded that the Consortium is compliant with the PSIAS. • Internal self-assessment against PSIAS / GIAS undertaken on an 	<p>Unlikely/Medium 2 x 3 = 6 Green</p>	<p>Implementation of the Improvement plan and the Global Internal Audit Standards action plan.</p> <p>External assessment due May 2026</p>	<p>Unlikely/Medium 2 x 3 = 6 Green</p>	<p>Head of Internal Audit Consortium</p>

CAUSE	EFFECT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	CURRENT RISK RATING LIKELIHOOD /RISK IMPACT	FURTHER ACTION REQUIRED/DAT E	TARGET RISK RATING LIKELIHOOD /RISK IMPACT/DATE	RISK LEAD
		annual basis. <ul style="list-style-type: none"> • Customer satisfaction surveys after each audit to help identify any issues. • CPD training undertaken by all and required by professional bodies • An improvement plan is formulated every year and is included in the annual report as part of the Quality Assurance Improvement Plan (QAIP). 				
Insufficient financial resources to fund consortium leading to staff cuts	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 approved the Consortiums budget March 24 for 2024/25 and due to approve for 2025/26	Unlikely/High 2 x 4 = 8 Green	March 25 Joint Board to be asked to approve the 2025/26 budget	Unlikely/High 2 x 4 = 8 Green	Head of Internal Audit Consortium

CAUSE	EFFECT	ACTIONS UNDERTAKEN TO MITIGATE THE RISK	CURRENT RISK RATING LIKELIHOOD /RISK IMPACT	FURTHER ACTION REQUIRED/DAT E	TARGET RISK RATING LIKELIHOOD /RISK IMPACT/DATE	RISK LEAD
Lack of appropriately qualified and experienced staff. Loss of senior auditors through promotion / retirement - recruitment difficulties	There is a shortage of qualified internal auditors and other Councils and external audit have struggled to recruit. Competing against higher pay in the private sector and other Council's etc are offering full remote working. Unable to complete the plan, work not to the required standard.	<ul style="list-style-type: none"> • Training and development of current staff. • Quarterly Valuing Individuals and performance reviews and monthly 1:1 meetings. • Waiving of qualification requirement for exceptional and appropriate experience 	Possible/High 3 x 4 = 12 Amber	BDC Senior Auditor will be leaving May 25. Recruitment exercise to be commenced promptly. Possible use of agency staff. Flexibility to move staff within the Consortium or for specific audits.	Possible/High 3 x 4 = 12 Amber	Head of Internal Audit Consortium / 151 Officer
Loss of data through IT failure or network unavailable	Loss of work	Data stored on each Councils network and subject to their back up and security procedures. Periods of "downtime" are rare and short with minimal impact on service	Unlikely/Medium 2 x 3 = 6 Green	None	Unlikely/Medium 2 x 3 = 6 Green	Head of the Internal Audit Consortium

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