

## For publication

### **Internal Audit Consortium Progress Report 2021/22 and Draft Business Plan 2022/23**

<b>Meeting:</b>	Joint Board
<b>Date:</b>	29th March 2022
<b>Cabinet portfolio:</b>	Governance
<b>Directorate:</b>	Finance

#### **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 2021/22.
- 1.2 To provide an update on the business plan (budget) for the Consortium for 2021/22 and to seek approval for the revised 2021/22 business plan and draft business plan for 2022/23.

#### **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 2021/22 and the draft Internal Audit Consortium Business Plan (and associated charges) for 2022/23, based on Appendix 1, be approved.
- 2.3 That an annual report on the outcome of the operation of the Internal Audit Consortium for 2021/22 be submitted to the Joint Board following the year-end.

#### **3.0 Reasons for recommendations**

- 3.1 The approval of the 2022/23 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 2021/22 and the draft business plan for 2022/23.

## **4.0 Report details**

### **Staff and Training Issues**

- 4.1 The Consortium is currently fully staffed however the recently appointed Senior Auditor at NEDDC has obtained a Principal Auditor post at Derbyshire County Council and will be leaving mid- April. A recruitment exercise is currently underway.
- 4.2 The Senior Auditor at BDC has also notified me of their intention to retire in December 2022.
- 4.3 One member of staff has started an Apprenticeship in respect of the Institute of Internal Auditors. This is a three- year course.
- 4.4 All staff keep up to date via ad hoc courses / webinars, team meetings and reading appropriate professional magazines etc. The Consortium has signed up to a series of “bite size” training webinars that cover a range of audit topics such as social media, procurement, business continuity, risk- based audit, ethics and culture and value for money audits.
- 4.5 The Consortium are members of the Midlands Audit Group and Nottinghamshire Audit Group where best practice, emerging risks, concerns etc. are shared and discussed.
- 4.6 All mandatory training has been completed.

### **Working Procedures**

- 4.7 Due to COVID-19 Internal audit staff have continued to predominantly work from home during 2021/22.
- 4.8 Internal audit procedures continue to be reviewed and improved where possible. The recommendations arising from the external review of internal audit in May 2021 are in the process of being implemented. A full update will be provided as part of the 2021/22 annual report.
- 4.9 Regular team meetings and 1:1 's take place with all staff. All PDR's and

Mid-year PDR's have been completed during the year.

#### **Internal Audit Plans**

4.10

Internal audit plans for 2021/22 were agreed with each client officer in March / April 2021

4.11

Regular progress reports showing a summary of internal audit reports issued and progress against the 2021/22 plans have been submitted to each Council's Audit Committee. Reasonable progress has been made on the plans although they will not be completed in their entirety. Areas not completed will be considered for inclusion in the 2022/23 internal audit plan.

4.12

Mid- year review meetings were held with each client officer to discuss progress and consider budget issues, as required under the Consortium Legal Agreement.

4.13

An annual report was submitted to each Audit Committee at the end of 2020/21 summarising the audit work undertaken and giving an opinion on the control environment.

#### **Derbyshire Dales District Council**

4.14

The Head of the Internal Audit Consortium continues to offer a management service to Derbyshire Dales District Council at a charge of £10,300 per annum.

#### **Business Plan 2021/22 and Draft 2022/23**

4.15

The original business plan for 2021/22 received approval in March 2021. The original business plan projected a break- even position for the year (Appendix 1).

4.16

The revised business plan based on the latest budget estimates now predicts a small surplus will be achieved in 2021/22.

#### **Business Plan 2022/23 (Draft)**

4.17

A draft business plan for the Consortium has been prepared for 2022/23 and the following two years (see Appendix 1). This business plan is based on the FTE of 8.7 posts.

4.18

For information, a summary of the charges made by the Consortium covering the period 2018/19 – 2022/23 (estimate) is shown in Appendix 2.

#### **Risk Register**

4.19

The Internal Audit Consortium risk register has been updated and is

shown as Appendix 3. The greatest risk facing the Consortium is in relation to potential recruitment difficulties which could ultimately impact on our ability to complete the audit plans.

## **5.0 Alternative options**

5.1 Not applicable.

## **6.0 Implications for consideration – Council Plan**

6.1 Internal audit helps to ensure that the council's resources and priorities are focused on achieving the objectives within the council plan.

## **7.0 Implications for consideration – Financial and value for money**

7.1 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.

## **8.0 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".

## **9.0 Implications for Consideration - Human Resources**

9.1 None

## **10.0 Implications for consideration – Risk management**

10.1 Having an appropriately resourced internal audit service provides Members and Officers with the assurance that there is proper governance, risk management and control processes in place.

## **11.0 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.

## **12.0 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.

## **13.0 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.

## **14.0 Implications for Consideration – Equality and Diversity**

14.1 None

### **Decision information**

<b>Key decision number</b>	
<b>Wards affected</b>	

### **Document information**

<b>Report author</b>
Jenny Williams Head of the Internal Audit Consortium Finance
<b>Background documents</b>
These are unpublished works which have been relied on to a material extent

when the report was prepared.	
<b>Appendices to the report</b>	
Appendix 1	Business Plan
Appendix 2	Consortium Charges
Appendix 3	Risk Register